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Northern Ireland: Agreement between the United Kingdom and the Republic of Ireland

An Agreement was signed at Hillsborough in Northern Ireland on 15 November between the Governments of the United Kingdom and the Irish Republic with the purpose of promoting peace and stability in Northern Ireland; helping to reconcile the two major traditions in Ireland; creating a new climate of friendship and co-operation between the people of the two countries; and improving co-operation in combating terrorism. The Agreement affirms the status of Northern Ireland as part of the United Kingdom and establishes an Intergovernmental Conference in which the Irish Government will put forward views and proposals on certain aspects of Northern Ireland affairs. The Conference will also discuss cross-border co-operation, including improved security co-operation, and make determined efforts to resolve differences between the two Governments. Both Houses of the United Kingdom Parliament and the Irish Dail have approved the Agreement, which has now entered into force, but it is opposed by the Unionist parties.

The Intergovernmental Conference has been established within the framework of the Anglo-Irish Intergovernmental Council which was set up after talks between the Prime Minister, Mrs Margaret Thatcher, and the Taoiseach of the Irish Republic, Dr Garret FitzGerald, in November 1981 to encourage contacts between the two countries at ministerial and official levels (see pp 318-20, 1981). At a further meeting in November 1983 the two Prime Ministers considered a report from the Council which reviewed co-operation over the previous two years covering such issues as institutional structures, citizenship rights, security, economic co-operation and other measures to encourage mutual understanding (see pp 420-2, 1983).

In a statement to the House of Commons on 18 November (*Hansard*, Vol 87, No 9, cols 18-35) Mrs Thatcher said that the Irish Government had affirmed in a binding international agreement that the status of Northern Ireland would remain unchanged so long as that was the wish of the majority of its people. They had also recognised that the present wish of a majority was to remain part of the United Kingdom. This was the most formal commitment to the principle of consent made by any Irish government. She believed the Agreement would make an important contribution towards resolving the deep-rooted and complex problems of Northern Ireland and restoring the peace for which the great majority of people in Northern Ireland longed. It provided for co-operation with the Republic in such matters as improved security and economic development. It encouraged the political parties in Northern Ireland to reach agreement on an acceptable form of devolved government. It offered hope to all those in both communities who wanted to defeat the men of violence and work together peacefully for a better future for their children. The Prime Minister said that the Government welcomed the Irish Government's intention to accede as soon as possible to the European Convention on the Suppression of Terrorism as expressed in the communiqué (see below). It was intended that the first meeting of the Intergovernmental Conference should take place as soon as practicable after the Agreement entered into force.

JOINT COMMUNIQUÉ

After the signing of the Agreement the following joint communiqué was issued.

1 The Prime Minister, the Rt Hon Margaret Thatcher, FRS, MP, and the Taoiseach, Dr Garret FitzGerald, TD, met at Hillsborough on 15 November 1985. It was the third meeting of the Anglo-Irish Intergovernmental Council to be held at the level of heads of Government.

2 The Prime Minister was accompanied by the Secretary of State for Foreign and Commonwealth Affairs, the Rt Hon Sir Geoffrey Howe, QC, MP, and the Secretary of State for Northern Ireland, the Rt Hon Tom King, MP. The Taoiseach was accompanied by the Tanaiste, Mr Dick Spring, TD, and the Minister for Foreign Affairs, Mr Peter Barry, TD.

3 The Prime Minister and the Taoiseach signed a formal and binding Agreement between their two Governments, which will enter into force as soon as each Government has notified the other of acceptance. The Agreement has the aims of promoting peace and stability in Northern Ireland; helping to reconcile the two major traditions in Ireland; creating a new climate of friendship and co-operation between the people of the two countries; and improving co-operation in combating terrorism.

4 The Agreement deals in particular with the status of Northern Ireland and the establishment of an Intergovernmental Conference in which the Irish Government will put forward views and proposals concerning stated aspects of Northern Ireland affairs; in which the promotion of cross-border co-operation will be discussed; and in which determined efforts will be made to resolve any differences between the two Governments.

5 The Prime Minister and the Taoiseach committed themselves to implementing and sustaining the measures set out in the Agreement with determination and imagination and undertook to encourage people of both the unionist and nationalist traditions in Ireland to make new efforts to understand and respect each other's concerns with a view to promoting reconciliation.

6 The exchange of notifications will not be completed until the Agreement has been approved by the British Parliament and by Dail Eireann. The two Governments intend that action to implement the provisions of the Agreement should begin once the exchange of notifications has been completed.[1] *The first meeting of the Intergovernmental Conference will take place as soon as possible thereafter. The British side will be led by the Secretary of State for Northern Ireland and the Irish side by the minister designated as the Permanent Irish Ministerial Representative.*

7 The two Governments envisage that the meetings and agenda of the Conference will not normally be announced. But they wish it to be known that, at its first meeting, the Conference will consider its future programme of work in all the fields – political, security, legal, economic, social and cultural – assigned to it under the Agreement. It will concentrate at its initial meetings on: relations between the security forces and the minority community in Northern Ireland; ways of enhancing security co-operation between the two Governments; and seeking measures which would give substantial expression to the aim of underlining the importance of public confidence in the administration of justice. In the interests of all the people of Northern Ireland the two sides are committed to work for early progress in these matters. Against this background, the Taoiseach said that it was the intention of his Government to accede as soon as possible to the European Convention on the Suppression of Terrorism.

8 In addressing the improvement of relations between the security forces and the minority community the Conference at its first meeting will consider:

(a) the application of the principle that the armed forces (which include the Ulster Defence Regiment) operate only in support of the civil power, with the particular objective of ensuring as rapidly as possible that, save in the most exceptional circumstances, there is a police presence in all operations which involve direct contact with the community;

(b) ways of underlining the policy of the Royal Ulster Constabulary and of the armed forces in Northern Ireland that they discharge their duties even-handedly and with equal respect for the unionist and nationalist identities and traditions.

9 In its discussion of the enhancement of cross-border co-operation on security, the first meeting of the Intergovernmental Conference will give particular attention to the importance of continuing and enhanced co-operation, as envisaged in Article 9(a) of the Agreement, in the policing of border areas.

10 In addition to concluding the new Agreement, the Prime Minister and the Taoiseach reviewed the wide range of work being done under the auspices of the Anglo-Irish Intergovernmental Council to develop further the unique relationship between the two countries. The fact that in the past year there have been more than 20 meetings between ministers of the two Governments demonstrates the closeness of co-operation. The Prime Minister and the Taoiseach decided that this work should be actively continued, in the interests of friendship between all the people of both countries.

11 The Prime Minister and the Taoiseach agreed to meet again at an appropriate time to take stock of the development of relations between the two countries and of the implementation of the Agreement which they have signed.

[1] The notifications were exchanged in Dublin on 29 November.

THE AGREEMENT

The text of the Agreement[1] is given below.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Ireland;

Wishing further to develop the unique relationship between their peoples and the close co-operation between their countries as friendly neighbours and as partners in the European Community;

Recognising the major interest of both their countries and, above, all, of the people of Northern Ireland in diminishing the divisions there and achieving lasting peace and stability;

Recognising the need for continuing efforts to reconcile and to acknowledge the rights of the two major traditions that exist in Ireland, represented on the one hand by those who wish for no change in the present status of Northern Ireland and on the other hand by those who aspire to a sovereign united Ireland achieved by peaceful means and through agreement;

Reaffirming their total rejection of any attempt to promote political objectives by violence or the threat of violence and their determination to work together to ensure that those who adopt or support such methods do not succeed;

Recognising that a condition of genuine reconciliation and dialogue between unionists and nationalists is mutual recognition and acceptance of each other's rights;

Recognising and respecting the identities of the two communities in Northern Ireland, and the right of each to pursue its aspirations by peaceful and constitutional means;

Reaffirming their commitment to a society in Northern Ireland in which all may live in peace, free from discrimination and intolerance, and with the opportunity for both communities to participate fully in the structures and processes of government;

Have accordingly agreed as follows:

A STATUS OF NORTHERN IRELAND

Article 1

The two Governments

(a) affirm that any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland;

[1] *Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Ireland, November 1985 (with Joint Communiqué).* Cmnd 9657. HMSO, £1·85. ISBN 0 10 196570 2.

(b) recognise that the present wish of a majority of the people of Northern Ireland is for no change in the status of Northern Ireland;

(c) declare that, if in the future a majority of the people of Northern Ireland clearly wish for and formally consent to the establishment of a united Ireland, they will introduce and support in the respective Parliaments legislation to give effect to that wish.

B THE INTERGOVERNMENTAL CONFERENCE

Article 2

(a) There is hereby established, within the framework of the Anglo-Irish Intergovernmental Council set up after the meeting between the two heads of Government on 6 November 1981, an Intergovernmental Conference (hereinafter referred to as 'the Conference'), concerned with Northern Ireland and with relations between the two parts of the island of Ireland, to deal, as set out in this Agreement, on a regular basis with: (i) political matters; (ii) security and related matters; (iii) legal matters, including the administration of justice; (iv) the promotion of cross-border co-operation.

(b) The United Kingdom Government accept that the Irish Government will put forward views and proposals on matters relating to Northern Ireland within the field of activity of the Conference in so far as those matters are not the responsibility of a devolved administration in Northern Ireland. In the interest of promoting peace and stability, determined efforts shall be made through the Conference to resolve any differences. The Conference will be mainly concerned with Northern Ireland; but some of the matters under consideration will involve co-operative action in both parts of the island of Ireland, and possibly also in Great Britain. Some of the proposals considered in respect of Northern Ireland may also be found to have application by the Irish Government. There is no derogation from the sovereignty of either the United Kingdom Government or the Irish Government, and each retains responsibility for the decisions and administration of government within its own jurisdiction.

Article 3

The Conference shall meet at ministerial or official level, as required. The business of the Conference will thus receive attention at the highest level. Regular and frequent ministerial meetings shall be held; and in particular special meetings shall be convened at the request of either side. Officials may meet in subordinate groups. Membership of the Conference and of sub-groups shall be small and flexible. When the Conference meets at ministerial level the Secretary of State for Northern Ireland and an Irish minister designated as the Permanent Irish Ministerial Representative shall be joint chairmen. Within the framework of the Conference other British and Irish ministers may hold or attend meetings as appropriate: when legal matters are under consideration the Attorneys General may attend. Ministers may be accompanied by their officials and their professional advisers: for example, when questions of security policy or security co-operation are being discussed, they may be accompanied by the Chief Constable of the Royal Ulster Constabulary and the Commissioner of the Garda Siochana; or when questions of economic or social policy or co-operation are being discussed, they may be accompanied by officials of the relevant departments. A Secretariat shall be established by the two Governments to service the Conference on a continuing basis in the discharge of its functions as set out in this Agreement.

Article 4

(a) In relation to matters coming within its field of activity, the Conference shall be a framework within which the United Kingdom Government and the Irish Government work together

(i) for the accommodation of the rights and identities of the two traditions which exist in Northern Ireland; and

(ii) for peace, stability and prosperity throughout the island of Ireland by promoting reconciliation, respect for human rights, co-operation against terrorism and the development of economic, social and cultural co-operation.

(b) It is the declared policy of the United Kingdom Government that responsibility in respect of certain matters within the powers of the Secretary of State for Northern Ireland should be devolved within Northern Ireland on a basis which would secure widespread acceptance throughout the community. The Irish Government support that policy.

(c) Both Governments recognise that devolution can be achieved only with the co-operation of constitutional representatives within Northern Ireland of both traditions there. The Conference shall be a framework within which the Irish Government may put forward views and proposals on the modalities of bringing about devolution in Northern Ireland, in so far as they relate to the interests of the minority community.

C POLITICAL MATTERS

Article 5

(a) The Conference shall concern itself with measures to recognise and accommodate the rights and identities of the two traditions in Northern Ireland, to protect human rights and to prevent discrimination. Matters to be considered in this area include measures to foster the cultural heritage of both traditions, changes in electoral arrangements, the use of flags and emblems, the avoidance of economic and social discrimination and the advantages and disadvantages of a Bill of Rights in some form in Northern Ireland.

(b) The discussion of these matters shall be mainly concerned with Northern Ireland, but the possible application of any measures pursuant to this Article by the Irish Government in their jurisdiction shall not be excluded.

(c) If it should prove impossible to achieve and sustain devolution on a basis which secures widespread acceptance in Northern Ireland, the Conference shall be a framework within which the Irish Government may, where the interests of the minority community are significantly or especially affected, put forward views on proposals for major legislation and on major policy issues, which are within the purview of the Northern Ireland departments and which remain the responsibility of the Secretary of State for Northern Ireland.

Article 6

The Conference shall be a framework within which the Irish Government may put forward views and

proposals on the role and composition of bodies appointed by the Secretary of State for Northern Ireland or by departments subject to his direction and control, including: the Standing Advisory Commission on Human Rights; the Fair Employment Agency; the Equal Opportunities Commission; the Police Authority for Northern Ireland; the Police Complaints Board.

D SECURITY AND RELATED MATTERS

Article 7

(a) The Conference shall consider: (i) security policy; (ii) relations between the security forces and the community; (iii) prisons policy.

(b) The Conference shall consider the security situation at its regular meetings and thus provide an opportunity to address policy issues, serious incidents and forthcoming events.

(c) The two Governments agree that there is a need for a programme of special measures in Northern Ireland to improve relations between the security forces and the community, with the object in particular of making the security forces more readily accepted by the nationalist community. Such a programme shall be developed, for the Conference's consideration, and may include the establishment of local consultative machinery, training in community relations, crime prevention schemes involving the community, improvements in arrangements for handling complaints, and action to increase the proportion of members of the minority in the Royal Ulster Constabulary. Elements of the programme may be considered by the Irish Government suitable for application within their jurisdiction.

(d) The Conference may consider policy issues relating to prisons. Individual cases may be raised as appropriate, so that information can be provided or enquiries instituted.

E LEGAL MATTERS, INCLUDING THE ADMINISTRATION OF JUSTICE

Article 8

The Conference shall deal with issues of concern to both countries relating to the enforcement of the criminal law. In particular it shall consider whether there are areas of the criminal law applying in the North and in the South respectively which might with benefit be harmonised. The two Governments agree on the importance of public confidence in the administration of justice. The Conference shall seek, with the help of advice from experts as appropriate, measures which would give substantial expression to this aim, considering inter alia *the possibility of mixed courts in both jurisdictions for the trial of certain offences. The Conference shall also be concerned with policy aspects of extradition and extra-territorial jurisdiction as between North and South.*

F CROSS-BORDER CO-OPERATION ON SECURITY, ECONOMIC, SOCIAL AND CULTURAL MATTERS

Article 9

(a) With a view to enhancing cross-border co-operation on security matters, the Conference shall set in hand a programme of work to be undertaken by the Chief Constable of the Royal Ulster Constabulary and the Commissioner of the Garda Siochana and, where appropriate, groups of officials in such areas as threat assessments, exchange of information, liaison structures, technical co-operation, training of personnel, and operational resources.

(b) The Conference shall have no operational responsibilities; responsibility for police operations shall remain with the heads of the respective police forces, the Chief Constable of the Royal Ulster Constabulary maintaining his links with the Secretary of State for Northern Ireland and the Commissioner of the Garda Siochana his links with the Minister for Justice.

Article 10

(a) The two Governments shall co-operate to promote the economic and social development of those areas of both parts of Ireland which have suffered most severely from the consequences of the instability of recent years, and shall consider the possibility of securing international support for this work.

(b) If it should prove impossible to achieve and sustain devolution on a basis which secures widespread acceptance in Northern Ireland, the Conference shall be a framework for the promotion of co-operation between the two parts of Ireland concerning cross-border aspects of economic, social and cultural matters in relation to which the Secretary of State for Northern Ireland continues to exercise authority.

(c) If responsibility is devolved in respect of certain matters in the economic, social or cultural areas currently within the responsibility of the Secretary of State for Northern Ireland, machinery will need to be established by the responsible authorities in the North and South for practical co-operation in respect of cross-border aspects of these issues.

G ARRANGEMENTS FOR REVIEW

Article 11

At the end of three years from signature of this Agreement, or earlier if requested by either Government, the working of the Conference shall be reviewed by the two Governments to see whether any changes in the scope and nature of its activities are desirable.

H INTERPARLIAMENTARY RELATIONS

Article 12

It will be for parliamentary decisions in Westminster and in Dublin whether to establish an Anglo-Irish parliamentary body of the kind adumbrated in the Anglo-Irish Studies Report of November 1981. The two Governments agree that they would give support as appropriate to such a body, if it were to be established.

I FINAL CLAUSES

Article 13

This Agreement shall enter into force on the date on which the two Governments exchange notifications of their acceptance of this Agreement.

HOUSE OF COMMONS DEBATE

The Agreement was approved at the end of a two-day debate in the House of Commons on 27 November by 473 votes to 47, a majority of 426 (*Hansard*, Vol 87, Nos 15 and 16, cols 749-975). Opposing the Agreement were 14 Unionists, 20 Conservative and 13 Labour members. It was reported that the Unionist members intended to resign their seats in order to put the issue of the Agreement before the Northern Ireland electorate in by-elections.[1]

The House of Lords debated the Agreement on 26 November and it was approved without a division (*Hansard* [*HL*], Vol 468, No 10, cols 797-887).

Prime Minister's Speech

Opening the debate on a motion to approve the Anglo-Irish Agreement Mrs Thatcher reminded the House that since 1969 nearly 2,500 people had lost their lives in Northern Ireland as a result of terrorism, more than 750 of them members of the security forces. There had been further loss of life in the rest of the United Kingdom and three members of the House of Commons had been killed. It was apparent, however, that any initiative, however modest, to bring the people of Northern Ireland closer together to beat the terrorists raised emotions and fears rooted deep in the past. Those fears were understandable, said Mrs Thatcher, but she did not believe them to be justified. The fight against terrorism was greatly weakened if the community was divided against itself and was greatly strengthened if all people committed to democracy and the rule of law could join together against the men of violence. That, the Government believed, required a further attempt to reconcile the two communities in Northern Ireland.

The unionist community, firmly loyal to the Crown and to the United Kingdom, represented a proud tradition of devotion to the Union which the Agreement respected. By reinforcing the principle of consent the Agreement should make them feel more secure about Northern Ireland's position as part of the United Kingdom. Unionists had the assurance that neither an Irish government nor a British government would try to impose new constitutional arrangements upon them.

The nationalist community thought of themselves as Irish in terms of their identity, their social and cultural traditions and their political aspirations. The House could respect their identity and acknowledge their aspirations even without seeing the prospect of their fulfilment. The only lasting way to put an end to violence and achieve peace and stability was reconciliation between the two communities and that was the goal of the Agreement.

Mrs Thatcher then outlined the articles of the Agreement. She pointed out that it recognised that the present wish of a majority in Northern Ireland was for no change in the province's status. The Intergovernmental Conference would have no executive authority at present or in the future. If devolution was restored, those matters that became the responsibility of the devolved government would no longer be within the purview of the Conference. It was hoped that the Agreement would encourage the constitutional representatives of both communities to come together to form an administration acceptable to both. In the meantime the Northern Ireland Assembly continued with all its statutory responsibilities. On the question of considering the possibility of establishing mixed courts with the Irish Republic Mrs Thatcher said that the Government was aware of the difficulties involved and the reservations held by the legal profession. Although it was prepared to consider their possibility at some time in the future, it was under no commitment to introduce them.

The Agreement's proposals for improving security co-operation should be further reinforced by the Irish Government's intention to accede to the European Convention on the Suppression of Terrorism. The Convention's purpose was to ensure that terrorists should be brought to justice and that any offences involving the use of explosives or firearms should not be regarded as political. Irish accession should greatly increase the prospects of securing extradition from the Republic of persons accused or convicted of terrorist crimes.

With regard to the Agreement's reference to the possible establishment of an Anglo-Irish interparliamentary body, both Governments felt that this was a matter for their Parliaments rather than governments to pursue.

Mrs Thatcher emphasised again that the Agreement did not affect the status of Northern Ireland within the United Kingdom. It did not 'set us on some imagined slippery slope to Irish unity'. Nor did it detract from British sovereignty in Northern Ireland or from Irish sovereignty in the Republic. She wanted to dispel the notion that the Government would listen to the views of the Republic on Northern Ireland matters but not to those of the unionist community. There were already many ways in which the majority community put their views to the Government, through membership of the House and the Northern Ireland Assembly and through representations to ministers.

To those among the unionist community who had expressed fears about the Agreement Mrs Thatcher said that far from representing any threat to the union of Northern Ireland within the United Kingdom the Agreement reinforced it. That should bring reassurance to the unionist majority. It clearly recognised the validity of their great tradition and held out the prospect of greater success in the struggle against terrorism, from which they had suffered so much. She urged them to take advantage of the chance offered by the Agreement.

Secretary of State's Speech

Opening the second day of the debate, the Secretary of State for Northern Ireland, Mr Tom King, said the Agreement had been generally welcomed in Great Britain and by the minority community in Northern Ireland. That welcome had been echoed in the United States, in the European Community and in the Commonwealth. The Agreement was seen by most people as a constructive if limited change to try to alleviate the age-old problems of polarisation and to contribute to reconciliation in Northern Ireland, thus making a real advance in the fight against terrorism. Against that favourable view, broadly reflected in the House, was the strong, indeed passionate, opposition of the Unionist representatives. While he thought that they

[1] Mr Ian Gow resigned as Minister of State at the Treasury on the signing of the Agreement.

had seriously exaggerated the effect and scale of the Agreement, he accepted that there were serious worries and fears among their constituents. He emphasised that the Agreement was not the first step towards a united Ireland. In the first article the Irish Government joined the British in affirming, in what would be a binding international agreement, that any change in the status of Northern Ireland would come about only with the consent of a majority of the people there. It also recognised that the present wish of the majority was for no change of status.

The fear of a united Ireland had bedevilled life in the province for far too long. Everyone knew in his heart that it could never happen without consent, said Mr King. He hoped that that message would be understood by unionists, as it put into perspective the other parts of the Agreement, in particular the new Intergovernmental Conference. It had been a regular practice in the past for the Irish Government to make representations on a full range of matters; the Conference would formalise that and at the same time improve co-operation between the two Governments, most notably on security. There was no secret agenda or hidden purpose. It would not be an executive body and would have no decision-making powers. The complaint had been made that the Agreement dealt only with ways for the minority to express its views and made no mention of the majority. The majority already had established channels: 15 of the 17 Northern Ireland members of the House were Unionists and Unionists were the majority in the Northern Ireland Assembly and in most of the councils in Northern Ireland.

Nothing in the Agreement would hinder or supplant these bodies. Nor did he believe that the Agreement would in any sense hinder devolution. He had noted the statement by Mr John Hume, leader of the Social Democratic and Labour Party (see p 373), that he was now prepared to sit down and determine how the affairs of Northern Ireland should be administered and believed there was a clear responsibility on him and his colleagues to honour that pledge.[1]

Mr King re-emphasised that he considered the fears of the unionist community to be seriously exaggerated and misplaced. He believed that the Agreement buttressed their constitutional position rather than undermined it.

Views of Opposition Parties

Mr Neil Kinnock, Leader of the official Opposition, said that the House should never give up the search for a solution to the historic problems of Northern Ireland. As well as the tragedies and their irreparable costs the conflict gave rise to massive financial costs. In addition, many of the legislative and other changes resulting from the failure to find a political solution in Northern Ireland disfigured the democracy of the whole country. The *status quo* offered no solution to anyone. For these reasons the Opposition would approve the Anglo-Irish Agreement. The Agreement was a development from the New Ireland Forum set up in Dublin in 1983 (see pp 157-60, 1984) which was a bold and visionary step taken by the major political parties in the Republic and the Social Democratic and Labour Party in Northern Ireland. The leaders of those parties had recognised that, just as they could not be forced to relinquish their aspirations of getting rid of the border between North and South, neither could the unionists be forced to relinquish their desire to keep it. The constitutional nationalists had decided that they would now give pre-eminence to reconciliation and a formal and binding acknowledgment of the fact that unification could not be achieved without consent.

The Provisional IRA and the Irish National Liberation Army knew that the most critical test of the credibility and acceptability of the Agreement was its effect on security in Northern Ireland and would continue with their terrorism. But the gunmen alone could not make the Agreement fail. To do that would need the most unholy alliance with those they most despised. Mr Kinnock said he recognised the fears of the Unionist parties; he knew they felt beleaguered and excluded from designing their own destiny, that they lived in constant fear of a 'sell-out', and that they felt that deals had been done behind their back. However modest the Agreement and however cautious and conditional the change, those feelings ran deep and in many quarters were absolutely genuine, although there was a minority in the unionist community who would mobilise fear and bigotry. He asked the majority of non-nationalists not be be blinded by prejudice, since the sole beneficiaries of a breakdown would be the terrorists. He asked them to see that if sovereignty was to be meaningful, it must involve the power to live effectively in peace under the law. He also asked them to see that feelings of slight and suspicion did not leave them isolated from those people who wanted to use their common wish for peace as a means of defeating violence. The motives that led the constitutional nationalists south and north of the border to make the Agreement were a mixture of material self-interest and moral duty, not a cunning stratagem for unification by stealth.

Turning to the economic problems of Northern Ireland, Mr Kinnock said that poverty there was manifested in many ways. Violence and support for and toleration of violence might come from political fanaticism or plain gangsterism, but it could thrive on the scale it did in Northern Ireland only in conditions of economic insecurity and the alienation which that bred. It was essential to adopt new policies of expansion and employment in order to stimulate recovery and increase opportunities. Steps could be taken through the provisions and procedures of the Hillsborough Agreement to promote the possibilities of economic development.

As a matter of policy and commitment the Labour Party wanted to see Ireland united by consent, but that was not the reason for approving the Agreement. It recognised that the priority was reconciliation between the communities in Northern Ireland and the peace that that could bring and it was that objective that brought its approval.

Mr David Alton, speaking for the Liberal Party, said that the Agreement was not about breaking the Union or creating a united Ireland. It was a genuine attempt to break the straitjacket that had become Northern Ireland. His party welcomed the initiative because it marked an important change in the attitude of the two Governments towards each other. It was a bulwark against Sinn Fein; if it failed, it would give credence

[1] Social Democratic and Labour Party candidates won 14 of the 78 seats in the Northern Ireland Assembly when it was elected in 1982, but have not taken their seats.

to the lie that violence alone could bring progress. It was incumbent on all the people of Great Britain to try to understand the fears and anxieties of the unionists. The Agreement was made in secrecy, largely without consultation and without consent. The secrecy should now end; agendas and conclusions reached by the Intergovernmental Conference should be published. His party appreciated the suffering of the unionists over the past 16 years, but people in Great Britain had also suffered. Members of the forces had been murdered, the financial burden had been heavy and there had been a not inconsiderable loss of civil liberties. There was something in the Agreement for everyone and he hoped moderate Unionist politicians would re-examine it in that light. The Irish and British Governments had acted boldly in an attempt to shift the *status quo* and deserved broad support.

Dr David Owen, leader of the Social Democratic Party, said that he strongly hoped that the Agreement would succeed. He hoped those Unionist members who were considering resigning their seats and seeking re-election would not feel it necessary to conduct their own form of referendum to show that they genuinely speak for the people they represent. It was in the interests of all to win the confidence of the majority in Northern Ireland. He hoped that the Northern Ireland Assembly would debate the Intergovernmental Conference and urged the Social Democratic and Labour Party to take part as a concrete gesture of goodwill. The Agreement, which was a delicate hinge between the Republic and United Kingdom Governments, would stand or fall on how they jointly grappled with the problem of terrorism. Only within a framework like the Agreement could the Republic involve itself with practical cross-border arrangements that were fundamental to halting terrorism. There was no reason why there should not be joint patrolling and joint helicopter patrols. He had no doubt that devolved government was essential for Northern Ireland. The Social Democratic and Labour Party had a responsibility to show by word and action that it wished to create a partnership government in Northern Ireland. Dr Owen said he believed that the Agreement would have the wholehearted support of Parliament. Unionists who wished to live under the United Kingdom Parliament had to listen to that voice and take note of that decision. They could not have it both ways: the supremacy of Parliament was an absolute for all citizens. The Agreement was potentially very powerful and it was the responsibility of the House to ensure that it did not discriminate in any way against the majority in Northern Ireland.

Views of Northern Ireland Parties

Mr James Molyneaux, leader of the Ulster Unionist Party, said that his party's proposals for achieving peace, stability and reconciliation, set out in 1984 in their policy paper *The Way Forward* (see pp 245-6, 1984), had been snuffed out by the Agreement. The IRA, reinforced by the one-way concessions in the Agreement, would be convinced that continued violence would lead to an Ireland designed to their specifications. Many Catholics had told him they shared his view of the Agreement and did not want to live in the cold war atmosphere created by the proposed regime for which consent simply did not exist. That grim prospect had been publicly recognised by church representatives, newspaper editors, moderate organisations and individuals and by those who had worked hard for reconciliation. The Prime Minister asserted that the status of Northern Ireland was unchanged; in reality Parliament and the Queen would give approval to legislation designed by a form of coalition with a foreign state. He begged the Prime Minister not to misjudge the situation but to examine and assess the damage which would be done to the aims of peace, stability and reconciliation.

The Reverend Ian Paisley, leader of the Democratic Unionist Party, said the Agreement came out of the Forum report and there was nothing in it for the unionist majority.The road was engineered for all the people of Northern Ireland, but the majority who felt it would be an uphill and hard path had not been consulted, whereas the minority who would use it for their own ends had been consulted at every turn. The Conference would be between the Republic, the Social Democratic and Labour Party and Northern Ireland ministers. Protestant people accepted the leadership of the Unionist parties. There would be no rioting or civil commotion. They would use democratic principles and he hoped the House would ensure they were given fair play. Nowhere in the Agreement was the status of Northern Ireland defined. To him and to Parliament this was the United Kingdom of Great Britain and Northern Ireland. The constitution of the Republic, however, claimed jurisdiction over that part of the United Kingdom. The Agreement had changed the status of Northern Ireland and it would have been better to test it with a referendum. That was why Unionist members had to resign and go to the electorate. The Agreement was treachery; it had destroyed the power of the representatives of the majority to negotiate properly on behalf of their people. In opposing it the unionist people were absolutely united.

Mr John Hume, leader of the Social Democratic and Labour Party, said that this was the first time there had been a real framework within which to address the problem of a deeply divided society. There was no road towards a solution to this problem that did not contain risks. The road chosen by both Governments was the road of maximum consensus. The Agreement gave the people of Northern Ireland no more than an opportunity to begin the process of reconciliation. The Unionist parties had consistently sought to protect their heritage and no one should quarrel with that. A society was richer for its diversity. But Unionists had sought to protect that heritage by holding all the power in their own hands and permanently excluding a substantial section of the community. They were again prepared to defy the sovereign will of Parliament. The other opposition to the Agreement came from the Provisional IRA and its political surrogates. The people of Ireland were divided on sovereignty and could be united only by a process of reconciliation in which both traditions would take part and agree. The Agreement respected the equal validity of both traditions. This was not a concession but the legitimate expression of the identity of the people he represented, to which they had an absolute right. The recognition of the equal validity of both traditions removed for the first time every excuse for the use of violence. Mr Hume said that he believed in the partnership between the different sections of the community. By working

together the prejudices that divided them would be diminished. The Agreement meant that he was prepared to sit down now and determine how the affairs of Northern Ireland should be administered in a manner acceptable to both traditions. The only alternative to reconciliation and the breaking-down of barriers was the old one of hopelessness and revenge. The alternative that the Agreement offered posed great challenges and risks. The challenges were daunting and difficult, but there was no other choice.

STATEMENT BY THE TAOISEACH OF THE IRISH REPUBLIC

In a statement on the signing of the Agreement Dr Garret FitzGerald said that the Irish Government's approach had been to seek ways of securing recognition and respect for the rights and aspirations of both traditions in the island of Ireland, a process which must contribute to better relations between the peoples of Ireland and Britain. A majority of Irish people shared the aspiration to Irish unity to be achieved peacefully and by agreement: that was the nationalist position. The Agreement affirmed clearly that any change in the status of Northern Ireland would only come about with the consent of a majority of people in Northern Ireland. It recognised that the present wish of a majority of the people of Northern Ireland was for no change. It went on to say that if in the future a majority of the people of Northern Ireland clearly wished for and formally consented to the fulfilment of the nationalist aspiration, the two Governments would act to implement that wish.

The Agreement thus made provision for the nationalist aspiration to unity in the only conditions in which constitutional nationalists sought, or would accept, its fulfilment – without violence and with the consent of a majority in Northern Ireland. The corollary of that was that the Northern unionist community had 'for the first time a commitment in the form of an international agreement that a change in the status of Northern Ireland . . . would not take place without the consent of a majority in Northern Ireland'.

The purpose was to secure equal recognition and respect for the two identities in Northern Ireland. Nationalists could now raise their heads knowing their position was on an equal footing with that of members of the unionist community. As a result conditions would be created in which the nationalist community in Northern Ireland could more readily identify with structures of government in a way that would help peace and stability to emerge. For the unionist community, who had suffered the most tragic and repulsive onslaught on their right to life and to well-being, the Agreement offered a way forward towards the restoration of normal life without violence or fear.

The Agreement thus involved no abandonment of nationalist aspirations, nor any threat to unionist rights; but it did offer a prospect of progress towards peace and justice for Northern nationalists and of peace and stability for Northern unionists. He appealed to nationalists and unionists alike to look at and evaluate the Agreement, not as some people in both communities who were committed to maintaining divisions and hatreds would attempt to portray it, but for what it was.

Ministerial Changes

Following the resignation of Mr Ian Gow, Minister of State at the Treasury (see footnote, p 371), two new ministerial appointments have been made.

The new appointments are as follows:

HM Treasury
Minister of State
Hon Peter Brooke, MP (former Parliamentary Under-Secretary of State, Department of Education and Science)

Department of Education and Science
Parliamentary Under-Secretary of State
Mr George Walden, MP

By-election and State of the Parties

Details of the result of a recent parliamentary by-election and the present state of the parties in the House of Commons are given below.

The Labour Party retained the seat at Tyne Bridge, Newcastle, in a parliamentary by-election on 5 December. The seat became vacant following the death in October of the Labour MP, Mr Harry Cowans. The Labour candidate, Mr David Clelland, won by a majority of 6,575 votes.

The results were as follows:

D. Clelland (Labour)	13,517
R. Kenyon (Social Democratic-Liberal Alliance)	6,942
J. Lait (Conservative)	2,588

Three other candidates between them received a total of 320 votes; all lost their deposits. Votes were cast by 38·1 per cent of the electorate.

At the general election in June 1983, when 61·5 per cent of the electorate voted, the seat was held by the Labour Party with Mr Cowans polling 21,127 votes, followed by the Conservative candidate with 9,434 votes, and the Alliance candidate with 6,852 votes.

State of the Parties

Following the by-election, the state of the parties in the House of Commons is now as follows:

Conservative	393
Labour	207
Liberal	18
Social Democratic	7
Scottish National	2
Plaid Cymru (Welsh Nationalist)	2
Ulster Unionist (Northern Ireland)	11
Democratic Unionist (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	1
Sinn Fein (Northern Ireland)	1
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means) who do not vote except in their official capacity in the event of a tie. The government majority over all other parties is 140, although the Sinn Fein MP has not taken his seat.

Shorter Note

LOCAL GOVERNMENT BILL

Following the publication of the interim report of the Widdicombe inquiry[1] into practices and procedures in local government (see p 66), the Local Government Bill, which contains *inter alia* a number of measures designed to regulate local authorities' spending on publicity, has received its second reading in the House of Commons on 18 November.

The main provisions of the Bill, which are intended to clarify and reform the existing law on local authority publicity, would prohibit local authorities from publishing material of a party political nature. The Bill would give the Secretary of State powers to issue codes of recommended practice governing the content, style, distribution and cost of local authority publicity. It also proposes that local authorities should keep a separate account of their expenditure on publicity. In line with the recommendations of the Widdicombe inquiry, the Bill amends the Local Government Act 1972 in order to prevent local authorities from using discretionary spending powers for publicity. Those powers would still be available, however, for assistance to voluntary organisations and other bodies where publicity is a necessary ancillary to their main activities.

The Bill would also require local authorities to set a rate on or before 1 April each year (in 1984-85 a number of local councils threatened not to set a rate as part of a campaign of opposition to government policies), and other provisions relate to local authority mortgages: in future local authorities will have to obtain the specific written consent of all borrowers whose mortgages they wish to sell.

Introducing the Bill in the House of Commons on 18 November, the Secretary of State for the Environment, Mr Kenneth Baker, said that its main purpose was to protect the interests of the ratepayer by strengthening local government law in a few important areas. The Bill, which applies to England and Wales only, apart from the publicity provisions, which also apply in Scotland, received a second reading by 285 votes to 176, a government majority of 109.

Sources: *Hansard*, Vol 87, No 9, cols 40-110. Department of the Environment press notice, 7.11.1985.

[1] ***Local Authority Publicity: interim report of the Committee of Inquiry into the Conduct of Local Authority Business, chaired by Mr David Widdicombe, QC.*** HMSO, £5.50. ISBN 0 11 751811 5.

East-West Relations: the Geneva Summit

At the end of a summit meeting held in Geneva between 19 and 21 November the United States and the Soviet Union pledged that they would accelerate the pace of current nuclear arms negotiations, seek better US-Soviet relations and continue regular meetings between the two Governments.

Joint Statement

Following the completion of the summit, which was also attended by the US Secretary of State, Mr George Shultz, and the Soviet Foreign Minister, Mr Eduard Shevardnadze, the President of the United States, Mr Ronald Reagan, and the Soviet Communist Party leader, Mr Mikhail Gorbachev, issued a joint statement in which, while acknowledging the differences in their systems and approaches to international issues, they agreed on the need to improve US-Soviet relations and the international situation as a whole.

Security

Conscious of the United States' and Soviet responsibility for maintaining peace, the two leaders agreed that a nuclear war could not be won and must not be fought. Recognising that any conflict between their two countries would have catastrophic consequences, they emphasised the importance of preventing any war between them, whether nuclear or conventional, and said that they would not seek to achieve military superiority.

Nuclear Arms Control

Referring to the US-Soviet agreement in January to start new negotiations covering both nuclear arms and space weapons (see p 12), they stated that their Governments would accelerate the pace of these negotiations in order 'to prevent an arms race in space and to terminate it on earth, to limit and reduce nuclear arms and enhance strategic stability'; in particular they called for early progress in areas where there was common ground, including the principle of 50 per cent reductions in their nuclear arms appropriately applied, as well as the idea of an interim agreement on intermediate-range nuclear weapons (see p 378). They also said that in these negotiations effective verification measures to ensure compliance would be agreed upon. Noting recent steps to modernise the telephone 'hotline' link between the Soviet Union and the United States, the two sides agreed that experts would study the question of the setting-up of centres to reduce nuclear risk, taking into account the issues and developments arising out of the Geneva negotiations.

Other Arms Control Issues

Both leaders reaffirmed their desire for the general and complete prohibition of chemical weapons and the destruction of existing stockpiles, and agreed to accelerate efforts, including bilateral discussions, to conclude an effective and verifiable international convention.[1] They also expressed their willingness to work for positive results at the negotiations in Vienna on reducing the level of troops in Europe,[2] and their intention to facilitate an early and successful completion of the Stockholm Conference on Confidence- and Security-building Measures and Disarmament that would include mutually acceptable confidence- and security-building measures and give concrete expression and effect to the principle of non-use of forces (see p 256).[3]

United States-Soviet Dialogue

Mr Reagan and Mr Gorbachev agreed on the need to place on a regular basis and intensify the dialogue between the two countries through regular meetings between the two leaders (Mr Gorbachev being invited to the United States in 1986 and Mr Reagan to the Soviet Union in 1987), between the US Secretary of State and the Soviet Foreign Minister and between senior officials from other government ministries and agencies. They also undertook to continue regular exchanges on regional issues. In addition they supported the expansion of bilateral cultural, educational

[1] British proposals in the negotiations in the Conference on Disarmament for a convention banning chemical weapons have included the tabling of a draft treaty in 1976 on the abolition of chemical weapons, further detailed suggestions in 1982 and in 1983 on compliance and the verification of non-production of chemical weapons involving on-site inspections, and, in 1984, further proposals allowing parties to a chemical weapons convention to be challenged as to their compliance. The latest British initiative came in March 1985 when proposals for routine inspection to prevent the misuse of civil chemical facilities to produce chemical weapons were tabled (see pp 126-7, 1983, pp 79-80, 1984, and pp 103-4).

[2] In December 1985, the Western powers tabled new proposals, based on ideas put forward by Britain and the Federal Republic of Germany. These include initial reductions of 5,000 United States and 11,500 Soviet troops in Central Europe; a subsequent collective commitment by the North Atlantic Treaty Organisation (NATO) and the Warsaw Pact and by the United States and the Soviet Union not to increase their forces within the reductions area for three years; and frequent inspections by each side of the other side's performance in complying with the agreement.

[3] At the Stockholm Conference in March 1985 nations representing NATO tabled a number of proposals each containing mutually reinforcing confidence- and security-building measures, including the annual exchange of military information, a 12-month forecast of military activities and advance notice of other military out-of-area activities. They also cover the need for observers to be prenotified of military activities and for communication links between all 35 states.

and scientific-technical exchanges and the development of trade and economic ties. The importance of resolving humanitarian cases in the spirit of co-operation was agreed.

Other Matters

The two leaders noted that, in co-operation with the Japanese Government, the United States and the Soviet Union had agreed measures to promote safety on air routes in the north Pacific.[1] The joint statement also announced that negotiations aimed at resuming air services between the Soviet Union and the United States [suspended in 1981] had begun and that consulates in New York and Kiev would be opened simultaneously.

United States Views

In a joint appearance with Mr Gorbachev after the summit on 21 November, President Reagan said that he had come to Geneva to seek a fresh start in relations between the United States and the Soviet Union and that had been done. Some useful interim results had been achieved, including the agreement to accelerate the pace of the nuclear arms negotiations, and a process for more intensive contacts had been established. Emphasising that each country's confidence in the other had to be built on deeds and not simply words, the President said this was the criterion by which meetings would be judged in the future. In this context, the questions which had to be answered were: 'Will we join together in sharply reducing offensive nuclear arms and moving to non-nuclear defensive . . . systems to make this a safer world? Will we join together to help bring about a peaceful resolution of conflicts in Asia, Africa and Central America, so that the peoples there can freely determine their own destiny without outside interference? Will the cause of liberty be advanced? And will the treaties and agreements signed, past and future, be fulfilled?' The people of the United States, the Soviet Union and throughout the world were ready to answer in the affirmative.

Speaking to a joint session of the United States Congress on 21 November, Mr Reagan, noting that competition with the Soviet Union was continuing, pointed out that the task was to ensure that this competition remained peaceful. On the question of arms control, he said that the two leaders had made a measure of progress and, while the negotiations had a long way to go, they were at least heading in the right direction.

The Strategic Defence Initiative (SDI), Mr Reagan continued, envisaged the possibility of defensive systems that could ultimately protect all nations against the danger of nuclear war. Although Mr Gorbachev had insisted that a strategic defensive system could be used to put offensive weapons in space and establish nuclear superiority, the United States had made it clear that SDI had nothing to do with offensive weapons and that it was investigating non-nuclear defensive systems that would only threaten offensive missiles and not people. Moreover, the United States favoured a reciprocal programme of open laboratories in strategic defence research and was offering to permit Soviet experts to see at first hand that the research programme did not involve offensive weapons. The President said that he had promised Mr Gorbachev that if US research showed that a defence against ballistic missiles was possible, the United States would discuss with its NATO allies and with the Soviet Union to see how they could replace all strategic ballistic missiles with such a defence which threatened no one.

Soviet Views

In the joint appearance after the summit, Mr Gorbachev pointed out that, although solutions to the most important problems concerning the arms race and strengthening peace had not been achieved and important differences remained, the two leaders had agreed that the work of seeking mutually acceptable decisions for these questions should be continued at the arms control negotiations in Geneva. The two countries were also going to seek new ways of developing bilateral relations and to have further consultations on a number of regional problems where for the most part their positions were completely different. The significance of the meeting, he continued, could manifest itself only if the two leaders could turn the agreements reached at Geneva into concrete measures. The Soviet Union would do all it could to co-operate with the United States in order to achieve practical results, to cut down the arms race and the arsenals which had been piled up, and to produce the conditions that would be necessary for peace on earth and in space.

British Views

In a statement to the House of Commons on 27 November (*Hansard*, Vol 87, No 15, cols 391-2), the Prime Minister, Mrs Margaret Thatcher,[1] said that the Geneva meeting had helped to establish a measure of confidence and greater understanding between the two leaders, given an impetus to the arms control negotiations in Geneva and made clear that existing arms control agreements would continue to be honoured on a reciprocal basis. Although fundamental differences remained on matters of ideology, some of the most difficult arms control issues, regional problems and human rights, there was now a clear framework and timetable for discussion of these differences. The outcome of the summit justified greater hope for their resolution and for peace and stability.

Questioned at a press conference in No 10 Downing Street on 21 November on the differences between the United States and the Soviet Union on space weapons,[2] the Prime Minister said that it was right for the United States to proceed with strategic research. It would be very strange, she added, if, faced with the world's most dangerous weapon, not to try to find a defence to it while, at the same time, trying to find a defence to all the world's other weapons. She pointed out that the Soviet Union was doing a considerable amount of research on anti-ballistic missiles, had an effective anti-ballistic missile system around Moscow

[1] In August 1983 a civil airliner from Korean Airlines, on a scheduled flight from New York and Anchorage to Seoul, was shot down by a Soviet fighter, with the death of all 269 people on board. The airliner had strayed into Soviet territorial airspace near Sakhalin Island (see pp 328-9, 1983).

[1] Mrs Thatcher was one of 15 leaders of the NATO countries who attended a briefing by President Reagan in Brussels on 21 November on the results of the summit.

[2] Since the President's announcement that the United States would carry out research into the possibilities of an active defence in space against nuclear missiles, the Soviet Union has demanded the cancellation of the US research programme, most recently in its nuclear arms control proposals made in the autumn (see p 378).

that was being updated, had done quite a lot of work on lasers and had an anti-satellite system.

In a radio interview on 22 November, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said that the European response to the summit was one of real satisfaction. There was also a great sense of achievement that the unity and coherence of the countries of the Western Alliance had helped to sustain President Reagan and to persuade the Soviet Union of the seriousness of their intention to defend themselves and of their wish to see progress towards a more sensible relationship.

Arms Control Negotiations

The latest negotiations between the United States and the Soviet Union on nuclear and space arms began in March 1985. In these the United States has sought substantial reductions in the number, and destructive power, of offensive strategic arms; the elimination of intermediate-range nuclear forces (INF), or their reduction to the lowest possible global limits on warheads; strict compliance with the 1972 Anti-Ballistic Missile Treaty; and a discussion of the possibility of both sides moving away from deterrence based solely on the threat of massive nuclear retaliation towards a greater reliance on defences against nuclear ballistic missiles. For its part, the Soviet Union tabled proposals for a freeze on strategic and medium-range nuclear missiles and a ban on the research, testing and deployment of 'space-strike' arms. In a speech in Warsaw on 26 April Mr Gorbachev also suggested an initial 25 per cent reduction in strategic offensive arms. In September 1985 Mr Gorbachev proposed to the United States a cut of 50 per cent in the number of nuclear weapons 'capable of reaching each other's territory'; the total prohibition of 'space-strike weapons'; the separation of discussions on INF from those on nuclear strategic arms and space weapons; and a direct dialogue with Britain and France concerning their nuclear forces. Mr Gorbachev also stated that the Soviet Union had announced a moratorium on the deployment of INF in Europe, the number of Soviet SS20 missiles on standby in that theatre being 243.[1]

In response to these Soviet ideas the United States made counterproposals on 1 November providing for agreed reductions in strategic nuclear offensive forces: these would mean reductions to a limit of 4,500 warheads on intercontinental ballistic missiles (ICBMs) and sea-launched ballistic missiles (SLBMs) – about 50 per cent below current levels; a limit of 3,000 warheads carried by ICBMs; a 50 per cent reduction in the highest overall strategic ballistic missile throw-weight on either side; an equal limit of 1,500 on the number of long-range, air-launched cruise missiles; reductions in strategic ballistic missiles to 1,250-1,450 on both sides; and a limit of 350 heavy bombers. In addition the United States proposed a ban on all new heavy strategic ballistic missiles and on the modernisation of existing heavy missiles and a ban on all mobile ICBMs because of difficulties in verification. With regard to INF, while still preferring a total elimination of US and Soviet longer-range forces, the United States is proposing an interim agreement providing for a ceiling of 140 launchers in Europe (the number of US systems deployed at the end of December 1985) and equal global US and Soviet warhead limits. On the question of defence in space, the United States favours an open laboratories arrangement under which both sides would exchange information on each other's strategic defence research programmes. The United States also emphasises the need for effective verification to assess compliance.

[1] It is estimated by NATO that 441 of these missiles, each of which carries three nuclear warheads, have been deployed throughout the Soviet Union.

Britain's Views

In a debate in the House of Commons on 8 November (*Hansard*, Vol 86, No 3, cols 220-86), Sir Geoffrey Howe characterised the Soviet Union's latest arms control offer as one-sided and self-serving. The West would never accept a Soviet definition of strategic nuclear forces that attacked the very core of the Alliance's defence policy while preserving Soviet advantages.[1] However, there were positive elements in the offer which could be built upon: proposals for significant cuts in the number of weapon systems and warheads; the prospect of an independent INF agreement, separated from other aspects of the negotiations on reducing nuclear weapons; and some recognition that the British and French nuclear forces should not be the subject of bilateral negotiations between the Soviet and US Governments. Responding on 7 November to Mr Gorbachev's offer on direct talks between Britain and the Soviet Union on nuclear forces and arms control, the Prime Minister had welcomed the prospect of a deeper dialogue as it was important for European governments to talk to each other about issues affecting the future of the continent. She had also made it clear that Britain's position regarding its own nuclear forces remained unchanged: that is, that only radical reductions in the super-power arsenals without any significant change in Soviet defensive capability would cause Britain to look afresh at the whole question. Britain was also ready and willing to explore with the Soviet Government the wider aspects of arms control, including the need for increased confidence and greater stability in East-West relations, and the Prime Minister had proposed to Mr Gorbachev that this dialogue should be pursued at foreign minister level.

[1] The Soviet Union defines the United States' European-based, medium-range aircraft and missiles as 'strategic' and wants these forces to be limited on the grounds that they could reach the Soviet Union, while leaving about 2,000 of its own comparable systems, including all its SS20s and 300 Backfire bombers, unconstrained.

Central America and the European Community

Britain has welcomed the conclusion of an economic co-operation agreement between the European Community and six Central American states.

The agreement was concluded at a second conference between the Community member states plus Spain and Portugal, the Central American states party to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua), and the Contadora group of

countries (Colombia, Mexico, Panama and Venezuela) which is seeking to negotiate an end to conflicts in El Salvador and Nicaragua. Taking place at Luxembourg on 11 and 12 November, the conference was held to continue the political and economic dialogue between the two regions inaugurated by the San José meeting of September 1984 (see pp 374-6, 1984). A Final Act was concluded at Luxembourg between the participants providing for political and economic co-operation.

British Views

At a press conference after the meeting, Lady Young, Minister of State at the Foreign and Commonwealth Office, expressed Britain's warm welcome for the Final Act and for the co-operation agreement between the Community and six Central American states. (The latter comprise the five parties to the General Treaty on Central American Economic Integration and Panama.) Britain had taken part in the conference to honour the 1984 commitment to establish a new structure of political and economic dialogue between the two regions and to encourage the Central American countries, with the invaluable assistance of the Contadora group (see below), to persist in their efforts to put an end to the crisis in the region through a comprehensive negotiated settlement. The Contadora process represented the best hope of resolving problems and reducing the region's instability.

Britain, continued Lady Young, had made clear its view that fundamental civil liberties and human rights had to be respected and that full genuine pluralist democracy had to be strengthened. It had also called for a scaling-down of the level of armaments in the area, and an end to cross-border subversion and all interference in neighbouring states. The British Government supported the decision of the Community to increase substantially its aid to the region and believed that these funds should be applied as a first priority to projects aimed at encouraging regional integration leading to the development of intra-regional trade.

Co-operation Agreement

The main objectives of the co-operation agreement are to broaden and consolidate economic, trade and development co-operation; to help revitalise, restructure and strengthen the process of economic integration of the Central American countries; and to promote financial assistance and technical co-operation likely to contribute to the economic and social development of the region. The signatories agreed to encourage the exchange of information on economic co-operation; closer economic ties; co-operation in science and technology, industry, agriculture, mining, fisheries, energy, transport, communications and tourism; European investment in Central America, including joint ventures; and investment promotion and protection arrangements.

The signatories are committed to assist the development, diversification and improvement of trade relations; to study ways of overcoming trade barriers; and to grant each other most favoured nation treatment. Recognising that the Central American countries constitute a developing region, Community member states have undertaken to provide assistance with a view to consolidating and speeding up their development and strengthening regional integration; in this context help will be given to schemes and activities designed to achieve food self-sufficiency and improved health conditions.

The agreement establishes a joint co-operation committee to review its operation and to ensure its effectiveness.

The Final Act

In a Final Act signed at the Luxembourg conference, the participating countries reaffirmed their commitment to the continuation and development of the political dialogue instituted at the 1984 San José conference in Costa Rica and agreed that it should be institutionalised by holding annual meetings with full participation by the Contadora group of countries. Political and economic communiqués were appended to the Act.

Political Communiqué

The participants reaffirmed their view that political dialogue and economic co-operation would help to back up efforts to end violence and instability in Central America and to achieve, on the basis of proposals arising out of the Contadora process, a negotiated political solution originating in the region itself and founded on the principles of independence, non-intervention, self-determination and the inviolability of frontiers. They also hoped that this dialogue would reinforce democratic principles and institutions, develop and guarantee human rights and fundamental freedoms, and establish within the framework of the Contadora process and in accordance with international law a reliable system of regional security. This last would provide for the control and reduction of armaments and military personnel, the removal of foreign troops from the area, and the prevention of terrorism, subversion and sabotage. They noted the firm commitment of the Contadora group to continue its efforts to bring peace in Central America, and European Community member states and Spain and Portugal reiterated their willingness to support the action of the states with responsibility for implementing any agreement on peace and co-operation.

Economic Communiqué

Emphasising their determination to help stabilise the region, Community member states, Spain and Portugal confirmed their intention to grant priority assistance for regional projects on the basis of jointly agreed priorities.

On the question of the world economy, the participants attached great importance to the expansion of world trade as a contribution to recovery, the revival of the development process and alleviation of the problems caused by indebtedness. They supported a new round of mutually beneficial trade negotiations and stated that determined action was necessary to improve the functioning of the international monetary system and to increase the flow of financial and other resources to the developing countries. Ministers agreed on the need for closer educational relations by means of scholarships and co-operation between higher education establishments in the two regions.

The Contadora Process

Tension arose in Central America in the late 1970s when open conflict broke out in Nicaragua, the Sandinista guerrillas overthrowing the Somoza regime in

1979. At the same time, left-wing guerrillas became stronger in El Salvador, where conflict has continued ever since. The Sandinista Government in Nicaragua is being challenged by guerrillas, known as the contras: in both countries guerrillas have external support.

In 1983 foreign ministers from Colombia, Mexico, Panama and Venezuela met on the island of Contadora in Panama to consider the situation, and this meeting led to the setting-up of the Contadora process, which is aimed at reaching a comprehensive negotiated settlement and which has gained widespread international support, including that of Britain and the other European Community states. Accepted in principle by all parties, the Contadora objectives include an end to support for cross-border subversion and destabilisation of Central American governments; an end to the local arms race and foreign military bases and advisers; elimination of the traffic in arms; full pluralist democracy; and respect for human rights. In January 1984 the Contadora and the Central American states agreed a document listing specific measures to fulfil these objectives and since then drafting and negotiation has taken place on the Contadora Act for Peace and Co-operation in Central America. In September 1985 the Contadora group handed a revised draft act to the Central American states requesting them to reach agreement on the outstanding points at issue. Although much of the draft has been agreed, the most difficult issues remain to be resolved; these concern the level of armed forces and armaments, international military exercises, verification and control methods and the timing of the implementation of measures.

Eureka

British support for the Eureka initiative, originally proposed by France and designed to improve European performance in high technology, was reaffirmed at a ministerial meeting in Hanover in the Federal Republic of Germany on 5 and 6 November.

The 18 participant countries are the ten European Community member states, Spain and Portugal (who will join the Community in January 1986), and Austria, Finland, Norway, Sweden, Switzerland and Turkey. Eureka's aim, as defined by a declaration of principles adopted by the Hanover meeting, is to raise the productivity and competitiveness of European industry by encouraging and facilitating increased industrial, technological and scientific co-operation on advanced technology projects and processes having a world-wide market potential. Eureka projects will serve civilian purposes.

Initial projects will be concerned primarily with information and telecommunications, robotics, materials, manufacturing, biotechnology, marine technology, lasers, transport, and environmental protection. Each will involve co-operation between participants in more than one European country. Projects approved by the Hanover meeting involving participation by British firms include a European standard for microcomputers for educational and domestic use, and the evaluation and development of high-power laser systems for metal processing applications in a wide range of engineering activities.

A conference of ministers, consisting of representatives of the governments of the participating countries and of the European Community's Commission, is responsible for co-ordination. A small secretariat is to be established to collect and disseminate information, to assist enterprises and institutes in establishing contacts with partners and to give support to the ministers. The next ministerial conference will be held under British chairmanship in the first half of 1986.

The Hanover declaration of principles states that the establishment of a large, homogeneous, dynamic and outward-looking European economic area is essential to Eureka's success and that completion of the European Community's internal market would be beneficial to it. In particular it is hoped that Eureka will lead to an acceleration of present efforts to elaborate joint industrial standards at an early stage, eliminate existing technical obstacles to trade, and open up the system of public procurement. Actions within the framework of Eureka will be carried out in accordance with the principles of international free competition, and enterprises and/or institutes participating in a Eureka scheme will finance it from their own funds, the capital market and any public funds made available. Eureka is not replacing any existing schemes of European technological co-operation.

British View

In an opening address to a Eureka conference of financiers and industrialists held in London on 14 October, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, pointed out that, although Europe's basic strength in science and research was not in doubt, the results of European research had not turned into products able to capture a competitive share of the world market in high-technology products. European companies needed to produce goods that customers wanted and business judgments like these could not be made by governments. The major responsibility rested on industry and on the sources of private finance which were best able to judge what could prosper in the market. European companies, however, were handicapped through operating from narrow national markets, while collaboration with other European partners was hindered by differing national procurement policies, standards, systems of company law and other visible and invisible barriers which affected European industrial and commercial co-operation. It remained therefore a major British aim to bring about the elimination of internal barriers in the markets of Europe.

Falkland Islands

Britain reaffirmed its support for the right of the Falkland Islanders to self-determination and expressed its willingness to normalise relations with Argentina during a debate in the United Nations General Assembly on 26 and 27 November.

The draft resolution before the General Assembly requested the British and Argentine Governments to initiate negotiations with a view to finding a means of resolving peacefully and definitively the problems between the two countries, including all aspects of the future of the Falkland Islands. It also asked the Secretary-General to continue his mission of good offices to assist the parties in complying with this request. The draft resolution received 107 votes, and four states, including Britain, voted against; there were 41 abstentions.

Britain sought to amend the draft resolution through the insertion of amendments reaffirming that all peoples, including the Falkland Islanders, had the right to self-determination and to determine freely their political status and their economic, social and cultural development. The first amendment provided for an addition to the preamble concerning the general right to self-determination, but this was defeated by 60 votes to 38, 43 states abstaining. The second British amendment which sought self-determination for the Falkland Islanders was defeated by 57 votes to 36, 47 states abstaining.

Britain's Views

Opposing the draft resolution, the British Permanent Representative to the United Nations, Sir John Thomson, told the Assembly on 26 November that the seven sponsors of the resolution had acted at the request of the Argentine Government and had adopted a text drafted in Buenos Aires; it was not a neutral text put forward by delegations after consultation with both sides. If the General Assembly were to adopt a balanced resolution, there needed to be some British input. Although the resolution was a considerable improvement on its predecessors (see pp 404-5, 1984), the Argentine position remained unchanged in substance, for the phrase 'all aspects on the future of the Falkland Islands' included the question of sovereignty and all the things the Argentines meant when they spoke of it. 'They mean that they will not discuss any question of normalisation with us unless we agree to discuss sovereignty with them. And . . . they have taken this position after my Government has made it abundantly plain that we cannot discuss the question of sovereignty.' The Argentine position therefore blocked the way to any discussion of normalisation. Moreover, when talking about sovereignty, Argentina also meant that the discussion had to end in the transfer of sovereignty over the Islands from Britain to Argentina. Sir John added: 'Thus . . . if we were to accede to the Argentine request to discuss sovereignty . . . they would believe that we were accepting that the only outcome would be the transfer of sovereignty to them. My Government . . . takes the clear position that our sovereignty, on which we have no doubts, is not for negotiation.'

The draft resolution, noted Sir John, referred to the future of the Falkland Islands without mentioning the Falkland Islanders who were at the heart of the dispute. It was their fate and their future which was the subject of debate. All the evidence suggested that the Islands were originally uninhabited. The Islanders were not a transitory people. Many could trace their roots back to five or six generations, longer than many on the North and South American mainlands. They were a hardy, peaceful and homogeneous people who had evolved their own identity, customs and political and cultural institutions. In 1983 Argentina had made it plain that the right of self-determination did not apply to the Islanders; when the draft resolution spoke about resolving problems in accordance with the United Nations Charter therefore, this phrase did not mean for the Argentines that the principle of self-determination could be applied to the Islanders. In this special instance member states were being told that the Charter[1] meant something different. The people of the Falkland Islands had the right to self-determination like other peoples, however, and Britain was committed to it.

Stressing the need for a balanced outcome of the debate, Sir John said that Britain was putting forward amendments (see above) which, if the Argentines were willing to respect the wishes of the Islanders, they would accept. If they did not, they would make it plain that they were not willing to give priority to the wishes of the people concerned. Britain's first amendment was based textually on the common Article 1 of the International Covenants on Civil and Political Rights and on Economic and Social Rights and proposed to recognise the general right of peoples to self-determination, a principle enshrined in the United Nations Charter and in innumerable United Nations documents. It was the basis on which decolonisation had taken place and to which most United Nations member states owed their existence. The issue of self-determination was therefore of a different order of importance and generality to the rights and wrongs of a particular territorial dispute and was not a matter for negotiation.

Rejecting charges of militarisation in the South Atlantic, Sir John pointed out that Argentine forces far outnumbered those of Britain. Although Britain had had to take action to produce a somewhat better balance than that which had existed in 1982, its relatively small defensive force, soon to be reduced further, was on the Islands not to commit an act of aggression but to defend against one.

Relations with Argentina

Britain, said Sir John, shared the views of those who had said that talks should take place on normalisation of relations with Argentina. The British Government had taken a number of steps to this end, including the honouring in full of the September 1982 agreement to lift the financial restrictions imposed by both sides during the 1982 conflict; proposing in 1983 the resumption of air links between the two countries; and proposing talks on a wide range of subjects with an agreed formula for dealing with sovereignty. The Berne talks in 1984 had led to deadlock because of Argentine departure from this specific agreement (see pp 293-4, 1984). Since 1982 some 39,000 Argentines had been given visas to enter Britain and only 12 had been refused. These deeds had shown that Britain had tried to take steps to promote contact and dialogue and to build mutual confidence, all indispensable for the restoration of civilised relations between the two countries. The existence of the dispute over the Falklands and the events of 1982 were not a bar to trying to mend fences. 'We continue to believe that the right course for both sides is quiet diplomacy and renewed

[1] Article 1 of the United Nations Charter states that one of the purposes of the United Nations is to develop friendly relations among nations based upon respect for the principle of equal rights and self-determination of peoples.

contacts working towards a normalisation of relations, without prejudice to the question of sovereignty about which we continue to differ.'

Conclusion

Concluding, Sir John said that Britain was ready for a step-by-step normalisation of relations and did not want a repetition of the Berne breakdown which had damaged British-Argentine relations. Britain looked forward to the day 'when the democratic peoples of Argentina and Britain have happily normalised their relations and when at the same time the democratic people of the Falklands are freely determining their political status and pursuing their economic, social and cultural development'.

Argentine View

The Argentine Foreign Minister, Señor Dante Caputo, said that Argentina had never ceased to claim sovereignty over the Falkland Islands and claimed that more than 150 years ago Britain had forcibly stripped Argentina of its sovereignty over the Islands. Argentina had always believed in the self-determination of peoples, but there were other valid international principles such as the right to territorial integrity, and the non-acceptance of the occupation of territories by force and the 'limited rights of a foreign people to legitimise these acts'. This last issue was what was under discussion in this case, and for this reason the application of the principle of self-determination was questionable in the case of the Falkland Islands. Moreover, Britain, in order to solve the question of Hong Kong, had in fact accepted the prevalence of the principle of territorial integrity over that of self-determination.[1]

For further information, see COI reference paper, *The Falkland Islands and South Georgia and the South Sandwich Islands,* No 152/85.

Namibia

During a debate in the United Nations Security Council in November Britain condemned South Africa's illegal occupation of Namibia but opposed the imposition of mandatory sanctions as a means of achieving Namibia's independence.

The draft resolution before the Council condemned South Africa's occupation of Namibia, reaffirmed the legitimacy of the Namibian people's struggle against this illegal act and called upon South Africa to dismantle the 'interim government' installed at Windhoek in June 1985. It also stated that mandatory selective sanctions should be imposed on South Africa. Britain and the United States voted against the resolution which therefore was not adopted.

[1]The recent agreement over the future of Hong Kong was occasioned by the fact that the territory is leased to Britain and that the lease runs out in 1997 (see pp 16-17).

Britain's Views

Explaining Britain's decision to vote against the draft resolution, Britain's Permanent Representative to the United Nations, Sir John Thomson, told the Council on 16 November that all members of the Council were agreed on the illegality of South Africa's occupation of Namibia and on the necessity for that country to be given its freedom and independence in accordance with Security Council resolution 435 (see below) without delay. The British Government believed that the best chance of influencing South Africa lay through a resolution which was realistic and supported by all 15 Council members, since a less than unanimous Council would only encourage South Africa, and anyone else opposed to an early negotiated settlement, to play upon the differences this would reveal.

Sir John reminded the Council that Britain had joined with other countries representing more than one-third of the membership of the United Nations in a strategy designed to exercise firm and controlled pressure on South Africa through a number of agreed voluntary measures. Britain had made clear its readiness to vote for a resolution including a considerable list of non-mandatory economic measures. It was therefore a matter of great regret that this serious and constructive proposal had not been accepted since it would have shown the South African Government that, if it persisted in its illegal occupation, the consequences would have been mounting pressure. Having offered a better course the British delegation would be obliged to vote against the resolution since it was likely that it would be counterproductive and would have the effect of pre-empting the strategy agreed with Commonwealth partners (see pp 344-5). Britain, emphasised Sir John, was nevertheless determined to work for the independence of Namibia without delay.

Background

Since 1977 Britain and four other Western powers (Canada, the Federal Republic of Germany, France and the United States) have been attempting to bring Namibia to internationally recognised independence (see pp 188-9, 425-6, 1983, and pp 81 and 213, 1984). Their proposal for a settlement, endorsed by the United Nations Security Council (resolution 435) in September 1978 and accepted by all parties, envisages free and fair elections for a Namibian constituent assembly and the formation of a United Nations Transition Assistance Group to oversee the elections and the transition process.

South Africa has insisted on the need for an agreement on the withdrawal of Cuban troops from Angola before implementation of the resolution can proceed. Britain, while not accepting that Namibian independence should be linked to Cuban withdrawal, believes that the withdrawal of all foreign forces from countries in the region would contribute to stability there. Since 1984 various proposals on Cuban withdrawal have been made by South Africa and Angola, and the United States, which is also committed to finding a regional settlement, has sought to obtain a compromise on the question in separate talks with both countries.

In April 1985 South Africa announced that it was studying proposals by the Multi-Party Conference (a grouping of some Namibian political parties) to set up

an interim administration in Namibia. Britain and its Western partners informed the South African Government that they would regard any such transfer of power as null and void. On 18 April the South African State President, Mr Pieter Botha, endorsed the plan to set up an interim administration, but with South Africa, for the time being, retaining responsibility for foreign affairs and defence. He also said that, while current negotiations held any realistic prospect of securing Cuban withdrawal from Angola, South Africa would not act in a manner irreconcilable with the international settlement plan. During the inauguration of the interim administration in Windhoek on 17 June, Mr Botha said that the reasons why Namibia had not become independent could be ascribed to the United Nations' 'continuing bias' in favour of the South-West African People's Organisation (SWAPO) and to the continuing threat posed by the presence of more than 30,000 Cuban troops in Angola.

In June 1985 the Namibian question was discussed by the United Nations Security Council which warned South Africa that failure to implement resolution 435 would compel it to consider the adoption of mandatory sanctions. It also urged members to take voluntary measures against South Africa. The British representative stated that Britain would not support any suggestions that armed struggle was to be preferred to negotiations or that the Council should seek to tie the hands of member states in the manner proposed or prejudge the outcome of future meetings. He restated Britain's support for resolution 435 while abstaining on the present resolution on the grounds that it failed to take account of the need to protect and advance the plan outlined in the 1978 resolution.

Further Security Council meetings took place in September and October to discuss cross-border incursions into Angola by South Africa. On 20 September the Council voted unanimously for a resolution condemning the South African raid into Angola (which took place between 16 and 22 September). The South African Government stated that the incursion had taken place in order to counter a threat of terrorist action by SWAPO. Britain, in a press statement issued on 19 September, strongly condemned the South African action and pointed out that it could only undermine the stability of the region and damage efforts to achieve Namibian independence. The statement concluded: 'The British Government believes that the longer-term prospects for the security of the region depend on mutual respect for borders and on urgent progress towards implementation of Security Council resolution 435 leading to internationally recognised independence for Namibia.'

Subsequent reports of South African air strikes and the continued presence of South African units in Angola led to a further Security Council debate on 7 October. Britain voted for a resolution which repeated the demand that South Africa should immediately withdraw its forces from Angola.

Britain has also expressed concern about an apparent increase in the number of people detained without charge in Namibia. In March 1985 it took up with the South African authorities the cases of 40 known detainees on the basis of a list prepared by the Council of Churches in Namibia. A further approach was made in May, and in August Britain made representations to South Africa about a list of detainees prepared by the Namibia Communications Centre.

Britain and UNESCO

In December Britain confirmed that it would withdraw from the United Nations Educational, Scientific and Cultural Organisation (UNESCO) at the end of 1985. Britain's attempts to secure reforms in the administration and operations of UNESCO were the subject of a debate in the House of Commons in November.

Announcing Britain's decision to the House of Commons on 5 December (*Hansard*, Vol 88, No 22, cols 448-57), the Minister for Overseas Development, Mr Timothy Raison, said that, although the British Government had put forward firm proposals for reform and had worked hard to secure their adoption, the results of the recent general conference at Sofia (see p 384) had fallen well short of what was needed to justify continued British membership. The money saved from Britain's contributions to UNESCO would be used through the aid programme to further educational, scientific and other activities designed to benefit developing countries, particularly in the Commonwealth, and to assist international science programmes in oceanography, geology and in soil and water management in arid and semi-arid countries in Africa. Because of the importance attached to the underlying principles of UNESCO's work, Britain would maintain observer status in the organisation.

The decision, Mr Raison emphasised, was in no way aimed at the United Nations as a whole. Britain was determined that its support for the United Nations should be seen as support for effective and efficient organisations. UNESCO, unfortunately, was not such a body.

Background

In 1983 the Government initiated a review of British policy towards UNESCO and in April 1984 informed the organisation's Director-General, Mr Amadou-Mahtar M'Bow, that Britain wanted a number of reforms, and that a further review of policy would take place before the end of the year. In December 1984 the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, wrote to Mr M'Bow (see p 444, 1984) pointing out that while some progress had been made, more was needed. In particular, he referred to the need for more programme concentration and the identification of priorities, more action-oriented projects of direct benefit to developing countries, the avoidance of programmes giving rise to irreconcilable differences on such issues as peace, human rights and communications, less duplication of work carried out in other United Nations bodies, no extra costs to member states arising from a member's withdrawal, improvements in management procedures, and a significant shift in resources and functions from UNESCO's Paris headquarters. The British Government, said Sir Geoffrey, had concluded that it would be right to safeguard its position should its hopes for reform be disappointed at the twenty-third session of UNESCO's General Conference at Sofia in 1985, and had therefore decided to submit notice of withdrawal by 31 December 1985; in the meantime Britain would continue to work positively with other member states and within UNESCO governing bodies for a programme

of essential reforms. A further review of British policy would be held after the Sofia conference and, if satisfied that substantial progress had been made in carrying through the reform programme, the Government would be willing to reconsider the decision to withdraw.

Minister's Speech

Speaking in an adjournment debate in the House of Commons on 22 November (*Hansard*, Vol 87, No 13, cols 517-85), Mr Raison said that the Government was undertaking another review of British policy before taking its final decision on withdrawal from UNESCO, which had been beset with problems of inefficiency, over-politicisation and obscure programming for a great many years. In particular, Britain had been concerned about a slow-moving, over-centralised, top-heavy administration with outdated procedures and poor delegation of authority, the low morale and the spending of too much money on too many meetings and studies which were often of doubtful value. UNESCO had been used as a medium for Communist rhetoric on such issues as peace, disarmament and human rights and for the propagation of repugnant ideas such as the so-called new world information and communication order (see p 53, 1984). The latter posed a threat to the freedom of the press since it could be used to justify rigid government controls in the name of producing a balanced flow of information.

On the positive side, Mr Raison continued, there was a core of good, solid work such as research and training services in mathematics and the sciences, regional literacy and primary education programmes in Africa, Latin America and the Caribbean, the production of handbooks and other teaching material in various scientific and technical subjects, and the preservation of cultural monuments and the development of museums. The Government, however, was not satisfied that UNESCO represented good value for money either for Britain or for other member states, particularly the developing countries. If Britain were to stay in UNESCO in 1986, its financial contribution would be just over $9 million or £6·4 million at the current rate of exchange. 'The question that we have to ask is whether this money could not be put to better use if it were to be devoted to other activities in education, science and culture within our overall aid programme.'

Although Britain and other delegations had raised these issues at many previous sessions of UNESCO's General Conference, no comprehensive attempts had been made until the last two years to set the organisation to rights. Following the British letter of April 1984 to Mr M'Bow, the UNESCO Executive Board had set up a committee, including Britain, which had produced a set of detailed proposals for reform. Although these had been endorsed by the full board in the autumn of 1984, the Government had concluded that much remained to be done and towards the end of that year it had submitted notice of withdrawal (see p 383) and had stated that Britain would continue to work for reform throughout 1985. The Government's overriding interest in 1985, as in 1984, had been to bring about reform in UNESCO.

In the spring of 1985, continued Mr Raison, the Executive Board had endorsed a timetable for the implementation of agreed reforms recommended by the 1984 committee. The draft programme for 1986-87 contained a number of useful innovations, notably, for the first time, an element of 'priority rating' under which UNESCO activities would be divided into first and second priority categories, with the provision that the latter, amounting to about 25 per cent of the whole, would not be implemented without additional funds being made available. As part of its recommendations to the General Conference, the board had also suggested a number of changes to the priority ratings, the main thrust of which had been to preserve the scientific programmes to a greater extent than originally envisaged by the secretariat.

Following the spring 1985 session of the Executive Board, Britain had drawn up a statement of key British objectives for the Sofia conference, namely more effective and concentrated programmes, confirmation of agreed management reforms, improvements to politically contentious programmes, zero real financial growth, and no extra cost to members arising from the withdrawal of the United States.[1] A number of formal British draft resolutions had been submitted to the conference regarding changes to priority gradings in all major programmes, and detailed proposals had been put forward on those concerning communications issues and peace, disarmament and human rights.

Outcome of the Conference

Mr Raison said that the Sofia conference (which met between 8 October and 9 November) had confirmed the important recommendations concerning zero real growth and no extra costs arising from the United States withdrawal, and Britain's position had been held on communications issues in spite of strong Eastern European pressure. Moreover, the secretariat's pressure for a number of new international legal instruments had been successfully withstood, including one particularly dangerous idea on the international regulation of the use of works passing out of copyright protection. There had also been less overt politicisation, the resolutions on Middle East issues within UNESCO competence being acceptable to Britain and to its Community partners. For the first time, too, the conference had turned against a number of highly politicised and irrelevant draft resolutions produced by the Eastern Europeans.

There had, however, been significant disappointments. Britain had hoped to obtain changes in the priority ratings of specific activities which would have preserved key elements of the programme concerned with education, science and culture at the expense of less useful activities. In particular, it had not succeeded in keeping the programme on peace, disarmament and human rights to anything near the average overall reduction of 25 per cent. In addition, the resolution adopted on this programme had not gone as far as had been hoped in lessening UNESCO's role in relation to disarmament issues, though Britain had succeeded in preventing UNESCO, in its proposed activities for 1986-87, from endangering the supremacy of individual human rights. It was made clear that the questionable concept of 'people's rights' had a different status from human rights and required further clarification. Britain had always regarded international conventions

[1] The United States withdrew from UNESCO at the end of 1984.

on the supremacy of individual human rights as being of great importance, since the concept of people's rights could provide governments with a way to use the power of the state to override the rights of individuals.

Concluding, Mr Raison said that the main problem now was to form a judgment on whether the improvements in UNESCO would be enough, whether they would be properly implemented and how effective they would be. 'That depends on forming a view on whether the majority of member states and the Director-General have wholeheartedly embraced the idea that reform is necessary and urgent, or whether they have, reluctantly, gone along with as much as they believed to be necessary to stop Britain and others leaving.' The outcome of Britain's review could not be forecast but the Government would take account of the many and various factors involved before reaching a firm decision.

Opposition Views

Speaking for the official Opposition, Mr George Foulkes said that the impetus for the creation of UNESCO had come from Britain, that the organisation had carried out important work over the past few years, and that the activities being challenged by Britain were a very small proportion of the work being undertaken. The Government had a right and a duty to ensure that the organisation was working efficiently and effectively, and substantial progress had been made by UNESCO in this direction, the new board having set out a timetable for the adoption of the targets and objectives set out by the Government and by the Sofia conference. The Sofia meeting had also decentralised activities on human sciences, communications, culture, science and education, and had refused to proceed with the abolition of the UNESCO procedure under which an individual from any state could file a complaint against a government violating human rights. In view of these changes, a British withdrawal would have no objective justification. It would also seriously damage Britain's relations with the developing countries and the Commonwealth, and would prevent consolidation of the process of reform which it had started.

The Liberal Party spokesman, Mr Alan Beith, said that Britain should fight on within UNESCO so that the values propagated by its founders should be embodied in its work. The Sofia conference had seen a real response to criticism and the British delegation, having achieved considerable success, had removed from the Government any excuse for leaving UNESCO. The only decision that could reasonably be taken was for Britain to remain a member.

Britain's Economy: Chancellor's Autumn Statement

The economy was expected to grow by 3 per cent in 1986, said the Chancellor of the Exchequer, Mr Nigel Lawson, presenting the autumn statement to the House of Commons on 12 November. This would be the fifth successive year of growth at an average rate of 3 per cent a year. At the same time inflation was expected to fall further to 3·75 per cent in the fourth quarter of 1986. It promised to be the first year since the 1960s when inflation and growth would be within 1 per cent of each other. The economy was now achieving the steady growth with low inflation which governments had sought in vain for a generation. The Chancellor also gave details of the Government's outline public expenditure plans, which were being held to totals previously announced, and gave the results of the annual review of National Insurance contributions.

The Chancellor was making the customary autumn announcement to the House of Commons on the Government's plans for public expenditure and changes in National Insurance contributions for the forthcoming financial year (*Hansard*, Vol 86, No 5, cols 431-43). He was also giving the economic forecast for the next calendar year as required by the Industry Act 1975. These statements are brought together in a document published at the same time.[1]

CHANCELLOR'S SPEECH

The Economy

The economy was progressing as envisaged at the time of the 1985 Budget (see pp 113-20), said Mr Lawson. Inflation was falling again after the predicted temporary rise in the spring, although the Chancellor now expected inflation in the fourth quarter of 1985 to be above the Budget forecast: 5·5 per cent rather than 5 per cent.

The overall growth of the economy was still expected to be in the region of 3·5 per cent, the highest rate of growth since 1973. The pattern of growth, too, had been much as envisaged. Exports and business investment were the fastest growing elements of demand in 1985. The rise in total investment was estimated at 4 per cent; business investment was expected to grow by 7 to 8 per cent to yet another record level.

As a result of this steady progress, there had been a substantial increase since 1983 in the number of people in work. This had now been reflected in a levelling-out in unemployment – albeit still at a high level, not least because of the rapid growth in the total labour force.[1] The prospect here was for some further improvement, assisted by the measures announced in the Budget, which would have their main effect in 1986. But that improvement could easily be put at risk by excessive pay settlements.

'The prospect for 1986 is one of continued growth and still lower inflation', Mr Lawson said. The composition of growth was likely to change, with consumer spending taking over from exports as the main engine. Even so the current account balance of payments surplus was forecast to be £4,000 million in 1986 compared with £3,000 million in 1985. Fixed investment was expected once again to grow slightly faster than the economy as a whole.

'Overall the economy in 1986 is expected to grow by a further 3 per cent – the fifth successive year of growth at an average of 3 per cent a year, and into the sixth, the best performance since before the first oil shock [in 1973-74]. At the same time inflation is expected to fall further to 3·75 per cent in the fourth quarter of 1986.' If the forecast was correct, 1986 promised to be 'the first year since the 1960s when inflation and growth will be within one point of each other. What is beyond doubt is that we are now achieving the steady growth with low inflation which successive governments have sought in vain for a generation.'

The framework of public expenditure control set out in the autumn statement should allow scope for considered and justified reductions in the burden of taxation. These in turn would further reinforce the economy's flexibility and dynamism.

A summary of Britain's economic prospects is shown in Table 1.

Public Spending

Outturn public expenditure for 1985-86, Mr Lawson said, was expected to be the same as set out in the 1985 Budget – £134,000 million. The Government would continue to maintain firm control over public spending. Following the review of expenditure, the planning totals for 1986-87 and 1987-88 would be held to the levels set out in the Budget – £139,000 million and £144,000 million respectively. For 1988-89 the total had been set at £149,000 million. Over these three years, public spending in real terms would

[1] *Autumn Statement 1985*. HM Treasury. HMSO, £4·20. ISBN 0 10 202286 0.

[1] The employed labour force in Great Britain rose by 260,000 in the year to June 1985, having increased by 677,000 since March 1983. This had been masked, however, by the growth of the total labour force in 1984 (by 510,000 people).

remain constant at very slightly below the 1985-86 level. As a percentage of national output it would continue to decline. By 1988-89 it ought to be at its lowest level [41 per cent] since 1972-73.

In order to meet contingencies the plans contained large reserves, rising from £4,500 million in 1986-87 to £8,000 million in 1988-89. The reduction in the reserve for 1986-87 [down from £6,000 million] chiefly reflected the fact that the passage of time allowed part of the reserve to be allocated to individual expenditure programmes as their costs became known more accurately.

Table 1
Economic Prospects

	1985	1986
Output and expenditure at constant 1980 prices (percentage increase on previous year)		
Gross domestic product at factor cost	3·5	3
Manufacturing output	2·5	2·5
Consumers' expenditure	2·5	4
General government current expenditure	0	0·5
Fixed investment	4	3·5
Exports of goods and services	7	2
Imports of goods and services	3·5	4
Balance of payments on current account (£000 million)	3	4
Retail prices index in fourth quarter (percentage)	5·5	3·75

Table 2
General Government Expenditure

£000 million

	1984-85	1985-86
Public expenditure planning total	129·5	134
Interest payments*	16	18
/ess public corporations' market and overseas borrowing*	1	−1
Other adjustments*	5	5
Total (in national accounts terms)	149·5	158

*These are adjustments made to convert the planning total into general government expenditure on a national accounts basis. Other adjustments include capital consumption, VAT refunded to local authorities and transactions concerning certain notional public sector pension funds.

Table 3
General Government Receipts

£000 million

	1984-85	1985-86
Taxes on income, expenditure and capital	106	112·5
National Insurance and other contributions	23	24·5
Interest and other receipts	10·5	12·5
Accruals adjustments	1	−0·5
Total	140·5	149

Table 4
Public Sector Borrowing

£000 million

	1984-85	1985-86
General government expenditure	149·5	158
General government receipts	140·5	149
General government borrowing requirement	9	9
Public corporations' market and overseas borrowing	1	−1
Public sector borrowing requirement	10	8

Table 5
Public Expenditure Plans from 1985-86 to 1988-89*

£ million

	Estimated outturn 1985-86	Planned expenditure 1986-87	1987-88	1988-89
Ministry of Defence	18,200	18,520	18,820	18,990
Foreign and Commonwealth Office				
Overseas development	1,250	1,320	1,350	1,390
Other	620	640	660	700
European Community	800	650	1,150	950
Common Agricultural Policy	1,900	1,550	1,640	1,670
Domestic agriculture, fisheries and food	880	830	820	830
Forestry Commission	50	50	50	60
Department of Trade and Industry	1,650	1,300	1,080	940
Export Credits Guarantee Department	340	280	170	100
Department of Energy	1,000	110	−550	−290
Department of Employment	3,300	3,760	3,810	3,990
Department of Transport	4,500	4,810	4,840	4,830
Department of the Environment				
Housing	2,700	2,750	2,830	2,880
Property Services Agency	−110	−90	−110	−110
Other environmental services	3,950	3,620	3,530	3,560
Home Office	4,750	4,960	5,010	5,040
Lord Chancellor's Department	540	590	650	700
Department of Education and Science	14,400	14,320	14,400	14,480
Office of Arts and Libraries	700	730	750	760
Department of Health and Social Security				
Health and personal social services	16,700	17,720	18,450	19,140
Social security	41,200	42,900	44,400	45,900
Civil superannuation	1,050	1,180	1,310	1,400
Scotland	7,400	7,540	7,390	7,420
Wales	2,800	2,910	2,940	3,000
Northern Ireland	4,300	4,520	4,690	4,820
Chancellor's departments	1,800	2,010	2,050	2,070
Other departments	350	450	460	470
Reserve	0	4,500	6,250	8,000
Special sales of assets	−2,500	−4,750	−4,750	−4,750
Adjustments	−300	−650	−250	−260
Planning total	134,200	139,100	143,900	148,700

*Including local authority spending and nationalised industries' external finance.

Tables 2 and 3 show general government expenditure and general government receipts for 1984-85 and 1985-86.

Public Sector Borrowing Requirement

While the planning total for 1985-86 was expected to be the same as the figure set in the Budget, the public sector borrowing requirement was forecast to be about £1,000 million higher, at £8,000 million. This was due to lower sterling revenues from oil. Even so the borrowing requirement would be the smallest as a percentage of gross domestic product [2·25 per cent] since 1971-72. It would have been running at a higher level than this, the Chancellor said, were it not for privatisation. But even without the privatisation proceeds, the public sector borrowing requirement for 1985-86 would still represent the smallest percentage of gross domestic product since 1971-72.

Table 4 shows public sector borrowing for 1984-85 and 1985-86.

Spending by Programme

The annual review of public spending provided an opportunity to reconsider priorities and adjust the balance between programmes, Mr Lawson said.

There would be increased spending on the National Health Service of £250 million in 1986-87 and £300 million in 1987-88. In addition, health authorities would be able to spend the savings from their cost improvement programmes, which were expected to amount to £150 million in 1985-86 and still more in future years.

Public sector provision for housing was being increased by £220 million in 1986-87 and £200 million in 1987-88. The housing plans now provided for expenditure of some £3,250 million in 1986-87. Within this total the Government believed that there should be a substantial shift in priorities in favour of renovation of the existing public sector housing stock.

An extra £54 million in 1986-87 and £71 million in 1987-88 was being made available for capital expenditure on national and local roads.

Just over £1,000 million was being added to the social security programme for 1986-87, largely as a result of the 7 per cent increase in benefits taking effect in November 1985. Expenditure in the subsequent years of the review period would be subject to decisions on the Government's social security review,[1] on which a White Paper would be published shortly.

Additional provision had been made under the law and order programme to allow local authorities to direct extra spending towards the police. For defence the provision was unchanged.

On employment there were large additions in the Budget to fund an expansion of the Youth Training Scheme and the Community Programme.[2]

There had been significant improvements in efficiency and value for money in many programmes, Mr Lawson said.

Table 5 shows public expenditure plans from 1985-86 to 1988-89.

Privatisation

'The Government's privatisation programme is now getting into top gear and will continue for many years to come.' Mr Lawson said he could not stress too strongly the importance of this programme – now being emulated throughout the world – as a fundamental objective of government policy. 'The transfer of state-owned businesses to the free enterprise sector of the economy brings enormous long-term benefits to the economy as a whole in terms of greater concern for the customer and increased efficiency. It also provides the opportunity for a massive boost to wider share ownership, among both the public in general and the employees of those great enterprises in particular.'[3]

The proceeds from privatisation would rise substantially, from £2,500 million in 1985-86 to £4,750 million in each of the next three years, the Chancellor said. In particular the planned flotation of the British Gas Corporation was included for the first time.

The overall planning totals for public expenditure had remained unchanged, however, because there had been increases in a number of public expenditure programmes. But this needed to be seen in perspective. Even if the proceeds from privatisation were ignored, the public expenditure planning total would still be broadly constant in real terms at less than 1 per cent above the total for 1985-86, and public spending would still be on a steadily declining path as a percentage of gross domestic product, reaching by 1988-89 its lowest ever level since 1972-73.

National Insurance Contributions

The lower earnings limit would be increased in April 1986 to £38 a week [from £35·50] in line with the single person's pension, and the upper earnings limit would be similarly increased to £285 [from £265] a week, broadly in line with earnings. Reduced rates of contribution for the lower paid and their employers, announced in the Budget, had taken effect at the beginning of October and were already starting to provide a stimulus to the employment of the young and the unskilled, Mr Lawson said. The limits for these reduced rate bands would also be increased in April 1986, in line with the lower and upper earnings limits, to £60 [up £5], £95 [up £5] and £140 [up £10] a week.

There would be no change in the main Class 1[1] contribution rates, which would remain at 9 per cent for employees and 10·45 per cent for employers. This would be the third year running in which contribution rates had been held constant, he said, despite a growing number of pensioners and a substantial uprating of benefits (taking effect later in November).

OPPOSITION VIEWS

Speaking for the official Opposition, Mr Roy Hattersley said that the Chancellor's claim to have achieved steady growth with low inflation had to be seen in the context of the high level of unemployment, cuts in child benefits, increased taxation since 1979 and 'uniquely high interest rates'. He accused the Government of selling off national assets, through its privatisation programme, in order to finance tax cuts in the interests of short-term expediency. The Chancellor should add a further £1,000 million to the public sector borrowing requirement in 1986-87 to finance more job creation through public sector capital expenditure. The Government should admit that the figure for economic growth during its life (since 1979) stood at an annual average of 1·3 per cent.

Mr David Penhaligon, for the Liberal Party, asked whether tax cuts would be postponed if the privatisation programme were delayed for any reason, and how the Government proposed to tackle the problem of high pay settlements in the next two years.

For the Social Democratic Party, Mr Ian Wrigglesworth accused the Government of doing an about-turn in reflating the economy by selling off public sector assets and increasing public expenditure. He urged the Chancellor to divert more resources to the unemployed.

AUTUMN STATEMENT DOCUMENT

The autumn statement contains four sections: the economic prospects for 1986; outline public expenditure plans for 1986-87 to 1988-89; National Insurance contributions; and the revenue effects of illustrative tax changes.

The first section contains a review of the world economy and a forecast of the outlook for 1986. 'The world economy in the last two years has made substantial but uneven gains in output and trade. The rate of inflation has fallen further, helped by steady macroeconomic policies in most OECD countries[2] and

[1] See article on p 205. This has been offprinted as COI reference paper *Proposals for the Reform of Social Security in Britain*, No 262/85.

[2] See article on p 124. This has been offprinted as COI reference paper *Employment Policy and Youth Training in Britain*, No 258/85.

[3] For further information see article on p 273. This has been offprinted as COI reference paper *Britain's Privatisation Policy*, No 245/85.

[1] There are four classes of National Insurance contribution. Class 1, paid by employees and employers, covers the bulk of the working population. Two of the other classes cover the self-employed and the last may be paid voluntarily for pension purposes.

[2] The member countries of the OECD (Organisation for Economic Co-operation and Development) are: Australia, Austria, Belgium, Britain, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the United States.

weak commodity prices. The recovery in Europe is now strengthening and, despite continuing international debt problems and some major payments imbalances, growth in world output and trade should continue.' The forecast states that real gross national product in seven major industrial countries[1] might be nearly 3 per cent higher in 1985 than in 1984. Overall the major economies are expected to grow by about 3 per cent again in 1986. Consumer prices in the major countries might rise by less than 4 per cent in 1985, compared with 4·5 per cent in 1984.

The autumn statement document contains considerably more information than its predecessors. It breaks new ground by providing a public expenditure forecast for 1985-86 for each department, and the plans not just for the year immediately ahead but for each of the next three years. Both these innovations meet specific requests from the House of Commons Select Committee on the Treasury and the Civil Service.

Enterprise and Employment

The Government has announced a number of measures to stimulate enterprise and the growth of small businesses, and to help the long-term unemployed to find work.

Details of the new measures were given in a statement in the House of Lords on 12 November by the Secretary of State for Employment, Lord Young (*Hansard* [*HL*], Vol 468, No 3, cols 161-4). Lord Young said that the growth in the provision for expenditure by the Department of Employment had enabled the Government to increase the number of places available under the Community Programme [which provides a year's employment for the long-term unemployed on projects of benefit in local communities] by 100,000 (see pp 116 and 126) and to introduce the two-year Youth Training Scheme from April 1986 (see pp 116 and 128), which would 'ultimately help some 450,000 young people each year and lead to real qualifications for a working life'. It would also enable the Government to finance the range of new measures.

Increased expenditure would be partly offset by a reduction in spending from the Redundancy Fund. The Government proposed to introduce legislation which would end, for all firms other than those with less than ten employees, the system of sharing part of the cost of statutory redundancy payments through rebates from the Redundancy Fund. Its intention was that the rebate should not be payable for redundancies taking effect after 31 October 1986. For most employers the rebate, which had steadily been reduced to 35 per cent, was no longer a significant contribution to redundancy costs. The Government believed that this expenditure should no longer be used to subsidise redundancy and ought to be put to better use. Lord Young stressed that employees' entitlements to redundancy payments would not be affected by the change.

[1] Britain, Canada, France, the Federal Republic of Germany, Italy, Japan and the United States.

New Measures

The Secretary of State said that Britain had suffered for many years from one of the lowest rates of self-employment and new business creation in Western Europe. However, the position had changed and the number of self-employed was the highest for some 60 years (see p 124). More could be done to encourage the growth of self-employment and of small business by ensuring that both advice and finance were available, and the Government was announcing three measures. First, it had decided to extend the Enterprise Allowance Scheme (see p 126), which had already helped 110,000 unemployed people since August 1983 to start their own business, to a maximum of 80,000 new entrants a year from 1986-87, at an additional cost of £17·5 million, a rise of 20 per cent. Secondly, to provide better access to finance and business advice, the Loan Guarantee Scheme (see p 23), under which the Government had assisted through guarantees over £500 million of lending to small businesses, would be extended from December 1985 (when it had been due to end) until March 1986 while the Government considered the scheme's long-term future. Thirdly, the Government was increasing significantly the support given in England to local enterprise agencies, which played 'an important and growing role in providing business advice and practical assistance to small firms at the local level', and was making available an additional £2·5 million in 1986-87.

Lord Young then referred to the growth in the tourism industry, which was creating over 50,000 jobs a year. In 1984 some 14 million people visited Britain, spending over £4,000 million (see pp 275-7). To ensure that the industry's growth continued, the funds available to the British Tourist Authority and the English Tourist Board in 1986-87 would be increased by about 20 per cent to a total of £40 million. The Government would ensure that a substantial proportion would benefit areas which could attract more tourists and where unemployment was high.

Lord Young said that the Government's measures to help the long-term unemployed were designed to deal with two main problems: first, that many people had become demoralised about their ability to find work; and secondly, that the relationship of social security benefits to pay could reduce the attractiveness of relatively low-paid jobs. It therefore proposed to introduce pilot schemes, operating for six months from January 1986 in a number of areas,[1] to test the effectiveness of two new measures designed to combat these problems.

The first measure would involve the Manpower Services Commission inviting long-term unemployed people in the pilot areas to a counselling interview at a jobcentre to see whether they could be placed in suitable jobs (including places on the Community Programme) or on existing training courses. In addition, the Commission would be able to offer places on new short-term training courses specifically designed for those out of work for more than a year. The courses would help to assess the potential and aptitude of the participants, and to improve their basic

[1] Further details of the pilot measures were given by Lord Young on 28 November. They will operate in nine areas: Billingham (Cleveland), Crawley/Horsham (West Sussex), Dundee, Ealing (Greater London), Huddersfield, Plymouth, Port Talbot/Neath (West Glamorgan), Preston and Stoke-on-Trent.

working skills and their techniques of applying for a job. The intention would be to involve as many as possible of the long-term unemployed in the pilot areas, so that the effectiveness of the arrangements could be tested.

The second measure was a new Job Start Scheme, designed to make lower-paid jobs more attractive to people receiving high rates of social security benefit. Under the scheme any person in the pilot areas who found a job after being unemployed for at least a year would be paid a weekly allowance of £20 for the first six months of employment in addition to his or her wage; the allowance would be available to those taking jobs with a gross income of less than £80 a week.

Lord Young said that, in the improving climate for jobs, the Government was determined to increase contact with the long-term unemployed. 'Jobclubs' (see p 321), which were being expanded, had been remarkably successful in placing the majority of users. All the long-term unemployed were being contacted with invitations to consult their jobcentre for advice and support, and the two pilot measures reinforced the Government's determination to help long-term unemployed people back into jobs.

Shorter Notes

UNITARY TAXATION

The President of the United States, Mr Ronald Reagan, issued a statement on 8 November indicating that federal legislation would be enacted to deal with the problems raised by unitary taxation. [Unitary taxation (see pp 296-7) is a tax system operated by six states of America – notably California – under which foreign-owned companies operating in those states are taxed on the basis of their world-wide income. This practice, breaching internationally accepted principles, can lead to double taxation and unfair tax demands for foreign-owned companies. Moves have been made within state legislatures to amend the unitary system, but these have not been fully successful.] The proposed federal legislation will require that 'multinationals be taxed by states only on income derived from the territory of the United States'. A British government statement, also issued on 8 November, welcomes the President's statement and says that no action will be initiated for the present under section 54 of the Finance Act 1985, which enables the Government to penalise United States parent companies situated in unitary states by withdrawing their entitlement to tax credits relating to dividends paid by their subsidiaries in Britain. This is on the understanding that the federal legislation takes effect by the end of 1986.

Source: HM Treasury press notice, 8.11.85.

AID AND TRADE PROVISION

A new 'soft' loan scheme to assist exporters to gain contracts in developing countries was announced by the Secretary of State for Trade and Industry, Mr Leon Brittan, in the House of Commons on 12 November. Under the scheme, which will initially operate for five years, banks are to offer long-term loans at low interest rates to recipient countries for financing sound development projects agreed between governments. This will form an alternative to the combination of grants and export credits which is currently used. The Overseas Development Administration will provide funds from the Aid and Trade Provision (ATP – see p 263) to cover the cost of softening loans.

The Government is also increasing the level of total ATP support over the next three years by £3 million (to £69 million), £10 million (£76 million) and £20 million (£86 million) with the aim of helping British companies to double by 1988-89 the amount of business attained annually with the ATP. The ATP, which totalled £66 million in 1985-86, is offered mainly as 25 per cent grants and secures exports of up to £250 million a year; the new loan facility will permit potential annual exports gained to rise to some £500 million. Since 1978, £350 million of ATP grants have been used with export credits to assist British firms in securing 96 export projects worth £1,700 million.

The introduction of the soft loan scheme is in recognition of the preference of certain countries, notably the People's Republic of China and Indonesia, for project-related financial packages in this form. Discussions with the Chinese Government concerning a £100 million loan have already taken place and suitable arrangements are to be made for loans to other developing countries.

These changes in the scope and scale of the ATP would place British companies on a similar footing to overseas competitors, Mr Brittan said. They would benefit the major exporting companies and also thousands of small and medium-sized firms acting as suppliers and sub-contractors. However, Britain would continue to seek more progress towards multilateral control over these practices, which other countries had initiated, within the Organisation for Economic Co-operation and Development.

Sources: *Hansard*, Vol 86, No 5, cols 482-3; and Department of Trade and Industry press notice, 12.11.85.

BRITISH NATIONAL SPACE CENTRE

Further details about the establishment of the British National Space Centre were given on 20 November by the Minister of State for Industry and Information Technology, Mr Geoffrey Pattie. The decision to establish the Centre had been announced in January 1985 (see pp 50-1, 1985) as a result of the recognition by ministers that there was a need to improve the development of space technology in Britain and to co-ordinate policy more effectively.

Noting that the Centre would provide a sharper focus for Britain's space effort, Mr Pattie said that one of its first major tasks would be to develop a longer-term strategy which would take into account the needs of industry, science and the growing range of other civil and defence users of space in Britain, who would be able to turn to it for advice and technical support

and also to influence its programme by making financial and other contributions. It was hoped that the Centre would create a better balance between technological advancement and the needs of users. It would also facilitate the development of joint programmes in areas such as space infrastructure of interest to the entire space community in Britain.

Britain's space effort, which has an annual budget of some £100 million, is currently the joint responsibility of the Department of Trade and Industry, the Ministry of Defence, the Science and Engineering Research Council (SERC) and the Natural Environment Research Council. For the time being, government expenditure on space will continue to be met by these departments, and staff working in the Centre will be employed by their parent organisation. Arrangements for future funding and staffing are under consideration.

The Centre will be the focus both for Britain's continued participation in European space science and technology through the European Space Agency (ESA) – towards which Britain's policy remains unchanged – and for the conduct of corresponding national and bilateral programmes. The Centre's own science and technology programmes will be based largely at the Royal Aircraft Establishment, Farnborough, in Hampshire, where the Department of Trade and Industry and the Ministry of Defence are already funding a joint space technology programme, and at the SERC's Rutherford Appleton Laboratory near Oxford, which underpins space research being carried out in British universities.

The Centre's first Director General is Mr Roy Gibson, a former director general of ESA and consultant to a number of British and foreign aerospace companies.

Source: *Hansard*, Vol 87, No 16, written answers, cols 551-2; Department of Trade and Industry press notice, 20.11.85.

SOCIAL AND CULTURAL AFFAIRS

Education and Training for New Technologies

The Government's views on the need to adapt education in line with the demands of technological progress and economic growth, and recent initiatives aimed at improving the supply to industry and commerce of suitably qualified manpower and securing a cultural shift towards an emphasis on science and technology, are set out in its response to the House of Lords Select Committee on Science and Technology's report on Education and Training for New Technologies,[1] published in November.

The Government endorses the Committee's view that Britain's ability to retain a competitive edge in international trade is dependent upon the provision of a qualified and skilled workforce trained to exploit new technologies as they emerge. The emphasis of future policy should be on encouraging scientists and technologists of high quality, on raising the technological literacy of the nation as a whole and on continuous learning and updating of skills. The response accepts the Committee's view that there is more to be done by the Government to bring about these developments, but argues that industry and employers, commerce and the professions, also have a responsibility to offer good pay and job development prospects to attract able young people into technological careers and to show a commitment to provide the continued education and training necessary to keep pace with rapid technological change. They should also give support for universities, polytechnics and colleges to sustain a joint approach to the education, training and research upon which a thriving economy will increasingly depend.

Higher and Non-Advanced Further Education

The Government has acted positively and consistently to strengthen the focus in education on science and technology generally and on the new technologies in particular. The recent Green Paper *The Development of Higher Education into the 1990s* (see p 207) emphasised the need to take greater account of the requirements of industry and commerce by producing more qualified scientists, engineers and technologists and, to this end, an extra 5,000 student places in electronic engineering and computer science have been provided over the three-year period 1982-85. In addition, 950 researchers and teachers have been recruited to university departments, mainly in the sciences, as part of a 'new blood' scheme (see pp 39-40, 1983). The Engineering and Technology Programme, launched in March (see p 141), is providing an extra 5,000 student places in first-degree and master's courses largely in areas directly relevant to the new technologies and the proportion of science and technology students in the intake of higher education establishments has recently been increased. In addition, there has been a programme to create additional posts in biotechnology at 12 universities, the creation of three polytechnic biotechnology centres, and funding of £3·5 million a year by the Biotechnology Directorate of the Science and Engineering Research Council for research and postgraduate training in this field. In further education, the Government has created new arrangements whereby the Manpower Services Commission will assist local education authorities in planning courses in subjects relevant to new technologies, and has expanded the Youth Training Scheme (see pp 128 and 239-40) and instituted a review of vocational qualifications in England and Wales. Financial support has also been given to help colleges to provide students with an education which takes proper account of the industrial and commercial applications of information technology. In addition, across the whole range of further and higher education, steps have been taken to promote awareness of the need for continuing professional updating through the PICKUP (Professional, Industrial and Commercial Updating) Programme, now in its fourth year.

Schools

The policies for schools outlined in the White Paper *Better Schools* (see p 134) are designed to ensure that all pupils follow a broad and balanced curriculum throughout the years of compulsory education, and to raise standards. It is the Government's objective that all pupils should be properly introduced to science in the primary school and should continue to study a broad science programme until the age of 16. It therefore fully supports the Committee's recommendation that initial education should provide boys and girls equally with a broad grounding of relevant knowledge and an understanding of the scientific principles underlying new technologies, coupled with a receptive attitude towards technological progress and its demands. The importance and value of practical and technological work have also been stressed and are central to the Technical and Vocational Education

[1] *Education and Training for New Technologies. The Government Response to the Second Report of the House of Lords Select Committee on Science and Technology, 1984-85 Session.* Cmnd 9653. HMSO, £3·90. ISBN 0 10 196530 3.

Initiative (see pp 415-16, 1982). An awareness of new technologies is being encouraged through the Microelectronics Education Programme[1] (see p 279) and recent developments in the examination system are designed to encourage an emphasis on practical skills and the application of knowledge in all subjects.

Research

Government funding for the five state research councils has been kept at roughly the same level for the past ten years and in January 1985, an extra £27 million over the next three years was made available to aid the funding of university research grants. In addition, as part of a move towards greater selectivity in research funding, a further £18 million is being allocated over the same period to the University Grants Committee for new equipment in selected centres of high-quality research.

Other Matters

While the Government fully endorses the main features of the Committee's analysis and supports many of its recommendations, several of which are already reflected in its policies, the response makes it clear that there are some proposals which it does not accept. It believes that greater co-ordination of efforts to relate education to employment needs could be achieved without the creation of the proposed Education and Training Board. A new body specially charged with improving the prediction of future manpower needs is unlikely to be able to add significantly to evidence already available from other sources. The Government also opposes the establishment of a system of tax credits to encourage industrial investment in educational and research institutions. It considers that current tax arrangements offer sufficient scope for donations of money and equipment and, rather than extending these, it believes that more and better information should be made available to potential donors about existing facilities. Furthermore, while the Government recognises the importance of industry investing in training to meet its needs for skilled manpower, it believes that it would be inappropriate to require expenditure on training to be separately identified in company accounts, a development which would mean more bureaucracy and less autonomy at a time when the Government is aiming to reduce the administrative and legislative burdens on companies (see pp 272-3).

[1] For further information see *Microelectronics in Britain's Schools*. COI, No 239/85.

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Community Care with special reference to adult mentally ill and mentally handicapped people. Government Response to the Second Report from the Social Services Committee, 1984-85 Session. The Government welcomes the Committee's report and their support for community care as a philosophy and as a practical proposition. Although much has been achieved, the Government recognises that there is much to be done to develop a comprehensive range of local residential and other support services to meet the needs of mentally ill and mentally handicapped people. Cmnd 9674. HMSO, £4·70. ISBN 0 10 196740 3.

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